

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

FEBRUARY 1967

Senator Maybank (left) and Representative Spence, chairmen, respectively, of the Senate and House Banking and Currency Committees, discuss a copy of The President's Economic Report. (See page 48)

THE BANKING OUTLOOK

11 Annual Bank Reports Show page 33

11 Washington Developments Indicate page 48

What is Your Bank's "I.Q."

(INSURANCE QUOTIENT)

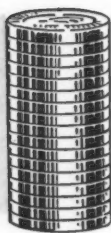
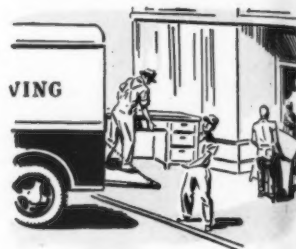


Is your bank's *liability exposure from trust properties* fully insured?

An accident occurring on property controlled by a bank as trustee cost the bank \$15,000 in damages, plus valuable time and additional money for legal defense. Adequate liability insurance had not been provided.

Has your bank been apprised of *all available coverages it can and should have?*

A city bank building was destroyed by fire. The extra expense of continuing business at another location for many months amounted to \$193,494. *Extra Expense Insurance*, in the amount of \$100,000, softened the loss.



Is your *Banker's Blanket Bond* protection adequate in these inflationary times?

A famous decision by the U. S. Circuit Court of Appeals stated that the failure of bank directors to insist on adequate corporate fidelity bonds constitutes negligence. This means they may be called upon personally to make good any shortages which may occur.

The Aetna Plan of Risk and Insurance Analysis especially designed for financial institutions will provide for complete insurance protection. It is (1) a complete study of your bank's insurable exposures; (2) a detailed comparison of these exposures with your present insurance policies; (3) a constructive report which includes a visible record of your insurance program and recommendations designed to provide the most complete insurance program available; (4) a continuing control plan which keeps insurance in line with changing requirements.

AETNA CASUALTY AND SURETY COMPANY

Affiliated with Aetna Life Insurance Company

AUTOMOBILE INSURANCE COMPANY

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HARTFORD 15, CONNECTICUT



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



On **BANKING's** cover this month are shown the chairman of the Senate Banking and Currency Committee and his opposite number in the House. The former is Senator Burnet R. Maybank of South Carolina, at left, above, and the chairman of the House committee is Representative Brent Spence of Kentucky, who is shown holding a copy of *The President's Economic Report*, a volume which will be no small factor in the legislation which the two banking committees will have to consider. (See page 48.)

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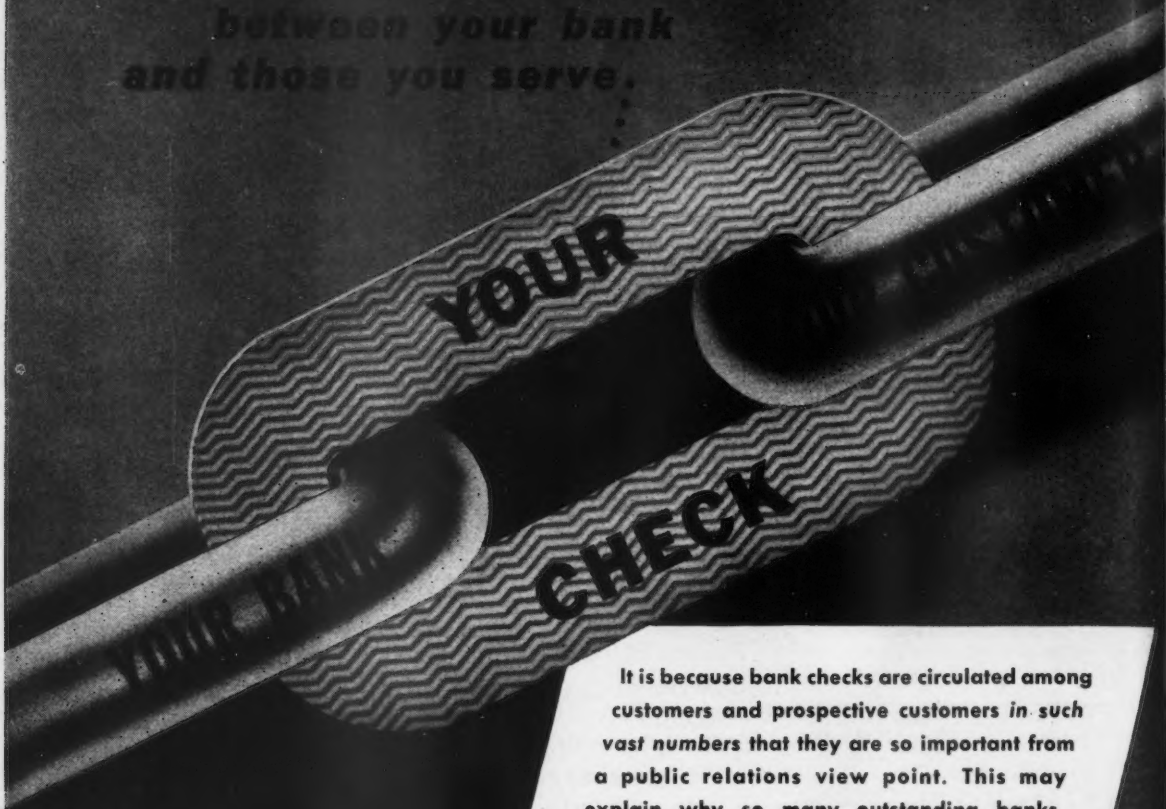
BANKING—Vol. XII No. 8. Published monthly and copyright 1949 by the American Bankers Association, Harold Stonier, Executive Manager, 12 East 36th St., New York 16, N. Y., USA—\$4 per year.

Chicago office at 105 West Adams Street, Chicago 3, Ill.; Washington office, 719 Fifteenth Street, N. W. Subscriptions: \$4 yearly; Canada, \$4.50; foreign, \$5; single copies, 35 cents. Entered as second-class matter May 3, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Additional entry at Concord, N. H. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

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An Important
CONNECTING LINK
 between your bank
 and those you serve.



It is because bank checks are circulated among customers and prospective customers in such vast numbers that they are so important from a public relations view point. This may explain why so many outstanding banks use the check paper which is recognized as America's standard for safety and quality.

LaMonte
SAFETY PAPER FOR CHECKS

GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY





What's Your Size?

HERE'S a new one. A belt manufacturing company says that belt sizes provide a barometer of business. During the depression a 31 measured the girth of the average American. Today he takes a 34.

Also, it seems that average sizes vary with the country's geography. Washington runs to large measurements. Chicago ditto. But men of the deep South are thin-waisted. In Texas and Southern California figures are trimmer, too. In New York a 34 and a 36 are normal for the mature man.

Take it or leave it; that's what the company says.

Every Week Is Bank Week

ON the back of a 1949 calendar we find a list of the year's "merchandising days and weeks."

Maybe you didn't know, but Large Size Week, Fur Care Week, and Idaho Potato and Onion Week are history; they came in January. However, February is generous, offering Hot Tea, Cherry, and Sew and Save Weeks, among others.

Opportunities for special celebration are liberally scattered through the remainder of the calendar. We particularly anticipate Table Tennis Week in March; and it would be an incurable sour-puss indeed who could not look forward to Laugh Week, come the first of April.

The same month also brings (yummy) Honey for Breakfast Week and Donut Week, and Fishermen's Week, for which we can hardly wait. May offers Baby Week, Golf Week, Hearing Week, Raising Week and Packaging Week, to mention a few. June immerses Americans in Swim for Health Week and suggests vacation leisure with Iced Tea Week. July and August are relatively uneventful, but September makes up for mid-summer lapses by providing Lessons in Truth Week, Dog Week, and Sweater Week.

Wine Week is tentatively down for October 8-15, although there are definite schedules for the promotion of Letter Writing, Posture, Cranberries,

and Better Parenthood. November, with Cat Week and (bless it) Prosperity Week, looks promising. However, December will be rather uneventful, perhaps because everybody will be resting up for the daddy of them all, Christmas Week, and for the 1950 calendar.

Perhaps we should say that the word "National" precedes the above mentioned weeks; we omitted it to save space. And there are also many special days, including Grandmother's (October 9) and Sweetest (October 16).

What, no Bank Week? None is listed, perhaps because every week is Bank Week for most of us.

Not a Bad Idea

A WASHINGTON correspondent of the *Wall Street Journal*, Carl Thompson, after scanning the list of some 270 special event weeks, months and days scheduled for 1949, hoped that a "National Leave Us Alone Week" could be squeezed into the calendar.

"That," suggested Mr. Thompson, "may be the only one you'll want to celebrate."

A Pup, a Boy, and a Bank

THIS is the sort of thing that helps us, like the reformed Mr. Scrooge, to keep Christmas in our hearts all the year.

Ralph Alan Gregory of Cleveland, aged 9, had a dog. He also had a \$10 account at the Society for Savings.

About a month before Christmas, the dog's leg was fractured by an automo-

"You want to know how it feels to be a home owner? Give me a buzz in 20 years when the mortgage is paid and I'll let you know."



When the Chips are Down

No reputable banker can afford the luxury of wondering about the chances of success when he is handling other people's business. *He has to know* that action undertaken in his name will be cared for as though he were himself carrying it through.

This is reason No. 1 why many such bankers ask Central-Penn to act for them. They recognize in our personnel the same attributes and abilities which they require in their own. It is why they do business with us.

CENTRAL-PENN NATIONAL BANK

OF PHILADELPHIA

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Purchased
at
Net Asset Value.

Prospectus on Request

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BOSTON 9, MASSACHUSETTS



\$10 million daily trade!

It's no great problem to trade with Canada. Traditionally, Canada and the United States have been good customers — for each other. In no two other countries can you find such similarities of people, of products, of markets.

Where is *your* opportunity in Canada? Is it to buy... to sell... or to expand your production? In any case, you'll find The Canadian Bank of Commerce ready, willing and *able* to be of service — with 540 offices to act as your agents throughout the Dominion.

*These facilities are at the disposal of American banks
in behalf of their own customers*

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Direct Wires to all Offices



"Oh, it's you again!"

bile. Ralph and his father took the pup, Pal, to an animal hospital, where the leg was set, but complications, in the form of distemper, set in, and before the Gregorys knew it, the medical bill had soared to \$30, which was all Ralph's dad felt he could spend, even on such an emergency.

Ralph drew the \$10 he had accumulated as a school savings depositor, and they spent that, too. But Pal died.

When the folks in the Society's school savings department heard the story—it was just before Christmas—they took up a collection. Then they invited Ralph to the bank.

First they showed him a big Christmas tree. Then they handed him a large, gaily wrapped box. When Ralph opened his package out popped a fox terrier pup, fully equipped with harness, leash, a bright red ribbon, and a supply of dog food.

Later the school savings folks took up another collection and placed the \$10 to Ralph's credit.

Said Roelif Loveland, a *Plain Dealer* reporter who wrote the story for his paper: "Up where the more advanced bookkeeping is done some other credits should be entered, too."

Quite a Record

THE National City Bank of New York's college training class of 1916 has made good, and in a big way. One of its members, Howard C. Sheperd, is now president of the bank, and two others, Leo N. Shaw and DeWitt A. Forward, are senior vice-presidents, Mr. Shaw having recently been promoted to that position.

Of the 54 men who originally comprised the class, 12 are now officers of (CONTINUED ON PAGE 6)

BANKING



Since you're the man most concerned by that steadily rising curve labeled "operating costs," you're constantly searching for machines and methods that will help reduce expenses.

That's why Remington Rand now invites you to see the new "Foremost" bookkeeping machine in action.

New from core to keyboard, this completely electrified machine produces *all* your accounting records with new efficiency. New mechanical features speed every machine operation...new functional design simplifies each operator motion. **RESULT:** your accounts receivable, payrolls and accounts payable are turned out faster—with less effort—at lower cost.

But see for yourself how the "Foremost" bookkeeping machine will force down *your* "operating costs" curve. Call your local Remington Rand representative today.

"Fashioned for Business Administration" tells the complete story. Write for your free copy to Remington Rand Inc., Dept. BK-2, 315 Fourth Ave., New York 10.

*here's why . . .
the new "Foremost" is
your best bookkeeping
machine value . . .*

FASTER RESULTS — completely electrified . . . balances computed and printed automatically . . . improved automatic tabulation and column selection . . . new high speed spacing, timing and carriage return.

SIMPLER OPERATION — "one-operation" insertion, collation and alignment of forms . . . standard keyboard with only one set of numerals . . . new organ type, finger-grooved keys respond with uniform impressions . . . completely visible writing line . . . new magnified register totals assuring easier reading and transcribing.

PRODUCES ALL RECORDS — designed for accounts receivable, payrolls, accounts payable or any other record . . . "snap-on" type registers easily repositioned for new applications . . . quickly adaptable to column arrangement on any accounting form.

FUNCTIONAL DESIGN — fashioned for maximum utility plus streamlined beauty of lines . . . all moving parts and mechanisms enclosed . . . minimum of feature keys and levers . . . durable unit construction.

THE NEW

BOOKKEEPING MACHINE



A Good Source of Both Direct and Indirect Business

This man typifies the farm equipment dealer in your community — the Massey-Harris dealer.

His business has become big business—measured in thousands of dollars where once it was counted in hundreds. It reflects the changes that modern farm machinery has made in farming practices.

Modern farm machinery has helped cut production costs . . . saved labor . . . increased yields . . . fostered better farming methods . . . provided greater leisure, better living. This increased prosperity on the farm . . . has likewise meant more business activity in the town . . . greater prosperity all around.

And because his business is big, he often needs help in financing his out-of-season purchases. This is the direct business he can give you — good sound loans on a

short-time basis.

Even more often, his customers need financing in purchasing farm equipment. No one is in a better position to direct these loans your way than this same farm equipment dealer. Local financing is best done on a local basis. Who knows better than you local needs and conditions?

Your local Massey-Harris dealer is a good man to know. Get acquainted with him for the direct business he can give you . . . for the farmer loans he can send your way. Helping him, helps you to build a sounder agriculture, a more prosperous community . . . and earn an extra profit.

The MASSEY-HARRIS Company
Quality Avenue, Racine, Wisconsin

Manufacturers of tractors, combines, corn pickers, forage harvesters, and a full line of other farm machinery for more than a hundred years.

Make it a Massey-Harris



JUST A MINUTE—Continued

National City, four are presidents and four vice-presidents of other banks, and the others (except six deceased) are either in business for themselves or hold top executive positions.

Father Divine Pays Cash

REPRESENTATIVES of Father Divine, the Negro evangelist, recently purchased a piece of property in Newark, New Jersey. The price was \$90,000, and the Divine business corporation, the Palace Mission Church and Home, Inc., paid \$9,000 down. About 10 days later \$81,000 was brought into the Lincoln National Bank of Newark for deposit against the remaining payment. The money was in \$5, \$10, and \$20 bills, and it took an assistant vice-president and his aides two hours to count them. Father Divine intends to use the building—the Hospital for Women and Children—as a home for the aged.

Guaranteed Loans for College Students?

WRITING in the January issue of the *American Magazine*, Federal Security Administrator Oscar R. Ewing says:

"I believe any good student, of any race, color, or creed, who has an ardent desire to go to college or take graduate work, should be secure in the knowledge that he can do so. We shall ask Congress to set up a liberal loan fund for such students, so they may go to their local banks and get government-guaranteed loans, with long-term payments, up to as much as \$2,500 a year. The Fed-

(CONTINUED ON PAGE 11)

"He trusts me. I carry his travelers' checks"



BANKING

The G-E Way of Living Means...

1. Easier living for them:



2. A safer investment for you!



How do you profit by the G-E way of living?

For the answers, let's look at the home buyer's benefits.

1. A quality-built home with a General Electric all-electric Kitchen and Laundry offers his family a happier existence—because it shifts the burdens of home-making from *people* to *electric appliances*.

A satisfied user is a steady payer. *This is the first factor that protects your mortgage investment.*

2. The owner continually *improves* a home he is proud of. The up-to-date condition of his home, combined with the advantages of electrical planning, *will make it easier to sell—and add to the actual resale value!*

3. Such a home is economical to buy—and to run. The G-E way of living is a *basic part of the price!* A

complete General Electric equipped home usually costs only an estimated average of \$4.80* more a month in a *packaged mortgage*.

Furthermore, the economies of owning General Electric appliances are often enough to cover the slight extra monthly charge.†

The owner is also saved the cost of buying electric equipment *separately*, with accompanying installment fees.

Thus, the mortgagee enjoys still a third safety factor contributing to steady, dependable mortgage payments!

Why not investigate the advantages of the G-E way of living—with an eye to including it in your future home mortgage contracts?

LEARN THE GENERAL ELECTRIC HOME BUREAU STORY

If you are interested in the service the G-E Home Bureau has to offer Architects & Builders, write to the General Electric Home Bureau for further information.

Address the Home Bureau, General Electric Co., Appliance and Merchandise Department, Bridgeport 2, Connecticut.

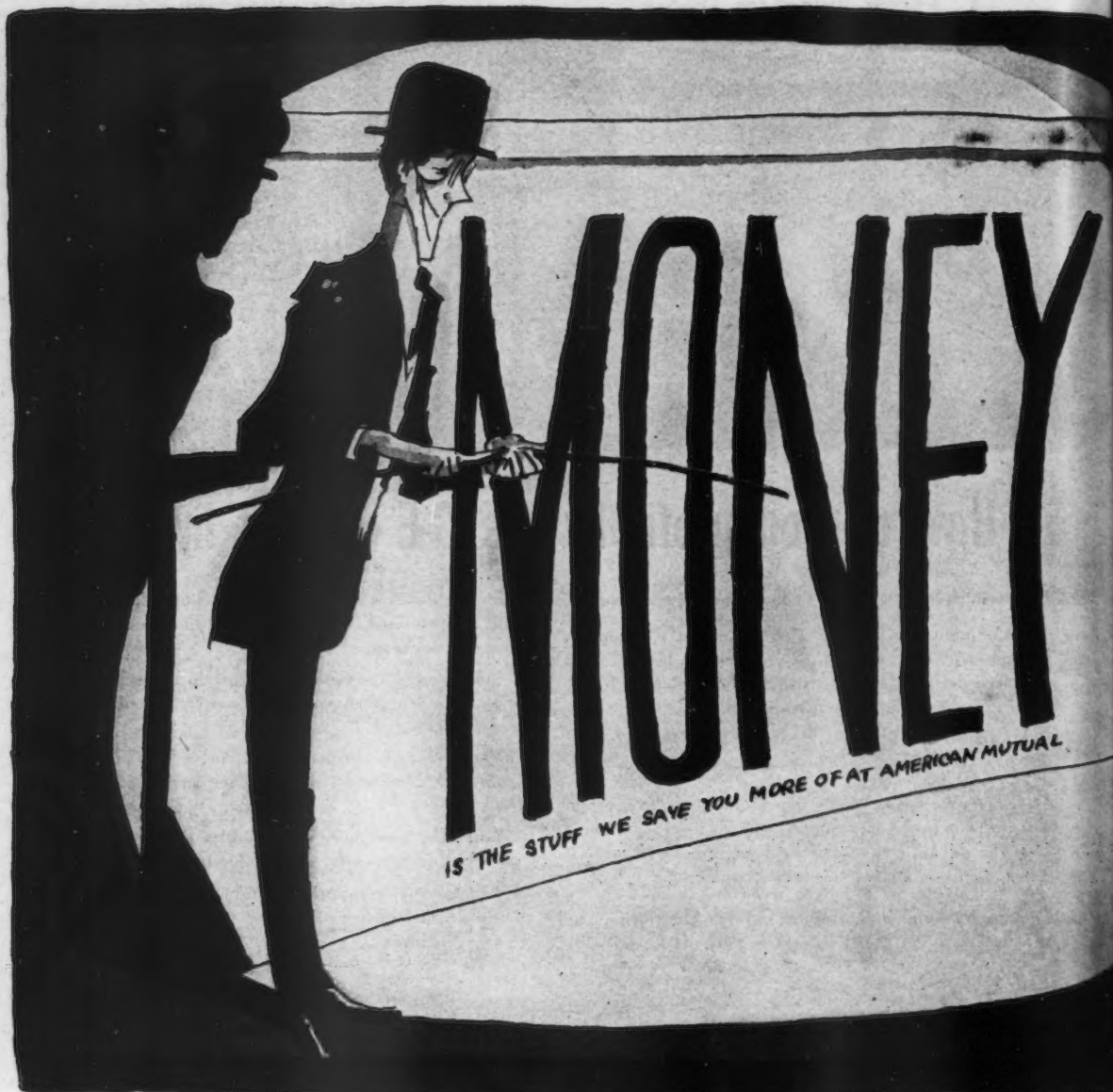
*When equipment is included in a long-term mortgage

†According to a national survey, 51% of the men and 53% of the women said they prefer G-E electric appliances!

GENERAL ELECTRIC

YOU CAN PUT YOUR CONFIDENCE IN GENERAL ELECTRIC

IF YOU CAN READ THE
(YOU'LL BE INTERESTED IN THIS AD)



As a banker, you're often pretty directly interested in your customer's insurance. And the one thing most of your customers don't like about their insurance is *having to pay for it*.

Now, we can't do away with payments, but we can make those unpleasant premiums smaller and smaller and smaller (enough smaller!)

For instance: We helped an aircraft manufacturer to reduce his premium rates from 13.6% above the average for the field to actually 24.5% less than the average!

We helped a dredging company to reduce their premium rates to 53% below the average for the field!

And so on and so on . . . We can show you dozens of cases where Dat Ole Debbil, Premium, was cut down to size. . . .

That's part of our I. E. Loss Control Service*. It helps reduce accident hazard in your customers' shops and plants. Not only cuts down *their* premiums, but increases their desirability as borrowers — for you know how even a little accident can sometimes knock out an astounding amount of earning power.

AMERICAN MUTUAL . . . the first American liability insurance company

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FIRST LINE... *by Mr. Friendly*



Now, while we're talking about helping your customers to reduce accidents and premiums, how about you cutting *your own* costs on workmen's compensation, employees' health and accident, or any other casualty insurance you may carry?

You still can — for, despite rising costs (which you may have heard about), we still give you the chance to save 20% through dividends! ... 20 cents on every one of your insurance dollars.



That's money, important money!

That's what we save you more of at American Mutual!

** Accident prevention based on principles of industrial engineering.*

REMEMBER: ALL AMERICAN MUTUAL POLICIES ARE NON-ASSESSABLE

Total Assets	Total Liabilities	Total Surplus
\$74,597,431	\$58,761,868	\$15,835,562
Total Claims	Total Dividends to Policyholders	
\$301,444,045	\$110,698,159	

Nearly 80% of all assets in U. S. Gov't, first grade industrial, railroad, public utility bonds.

Wasteful peaks and bottlenecks eliminated with this National Mechanized System



National provides a complete line of accounting machines to meet every need of every department of every bank, large or small. They are all described in this handsomely illustrated 64-page free booklet, which your local National representative will be glad to give you.

With the National Central Control and Proof Machine, work flows evenly to all departments.

There is definite proof and control on all incoming and outgoing items. The operator knows if an error is made, because the *machine automatically locks*. Thus, items are *always* in balance and ready for distribution to all departments at any time.

Many banks handling as few as 2,000 items a day find their National Central Control and Proof Machine highly profitable. One large bank keeps 65 of them busy all day.

National Accounting Machines offer an efficient, *mechanized* answer to every problem of bank accounting. Out of the country's 100 largest banks, 94 use Nationals . . . as do thousands of smaller ones.

National
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CASH REGISTERS • ADDING MACHINES

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO



"Things sort of piled up while you were vacationing in Florida"

eral Government expects to provide scholarships, too, which will ease the way."

Mr. Ewing feels that the education problem is much too big to be "adequately financed on a local level" and that "it's a job for the states, with Federal aid."

"It will take at least \$500-million per year to make a dent" in the "miserable condition" whereby "between five and six million children between the ages of 5 and 18 are receiving no education whatever," mostly because of "local laxity" and a "don't care" attitude on the part of people in some rural areas.

Essays by "Phil"

WILLIAM A. PHILPOTT, JR., secretary of the Texas Bankers Association, has gathered into book form a selection of the little essays he has written over a period of 20 years for the *Texas Bankers Record*. Entitled *In Praise of Ignorance, and Other Essays*, the collection covers an extensive range of subjects that have appealed to the author as he has observed, in a variety of moods, life's passing scene.

For the many who have followed Phil's *Record* commentaries the book rescues from the obscurity of the files many pieces whose appeal has not been dulled by time. It also offers pleasant reading to those who have not had the opportunity to sample his wares in the pages of the Texas journal.

Big Refund

WHEN Conkey Pate Whitehead of At-
(CONTINUED ON PAGE 12)

February 1949

Serving this Northern California Area

Statement of Condition

DECEMBER 31, 1948

RESOURCES

Cash on Hand and in Banks	\$214,987,136.92
U. S. Government Obligations	319,825,002.18
State, County, and Municipal Bonds	40,084,605.04
Other Bonds and Securities	7,686,647.14
Stock in Federal Reserve Bank	983,800.00
Loans and Discounts	377,496,804.78
Bank Premises and Equipment	8,166,213.11
Other Real Estate	1.00
Customers' Liability under Letters of Credit and Acceptances	4,685,969.33
Accrued Interest Receivable and Other Assets	4,346,499.76
Total Resources	\$978,262,679.26

LIABILITIES

Deposits	\$927,883,808.36
Letters of Credit and Acceptances	4,729,034.33
Reserve for Interest, Taxes, etc.	3,691,093.47
Other Liabilities	4,198,088.52
Capital Stock	
Preferred	\$7,268,850.00
Common	\$9,480,034.55
Surplus	16,043,075.45
Undivided Profits	4,968,694.58
Total Liabilities	\$978,262,679.26

United States Government and other securities carried at \$99,002,003.43 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

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in

United States
Government
Securities



Those who wish to invest in a young and growing country, whether by active participation in establishing industries there or by purchase of securities, may obtain a free copy of this booklet from their bankers or direct from:—

**BANK OF
NEW SOUTH WALES**

British & Foreign Department
Sydney, Australia.



"Actually, I don't need a dish washing machine. William needs it"

lanta died eight years ago he left his several million dollar estate to charity in the form of a foundation for the benefit of "poor, white Christian women of the Southeast."

The Internal Revenue Bureau, on the one hand, and the First National Bank of Atlanta, as executor, on the other, differed on valuation of the assets and other provisions of the will. The bank paid the tax bill presented by Uncle Sam, then went to court about it. A jury recently upheld the First, and the IRB collector at Atlanta handed Vice-president N. Baxter Maddox a refund check for \$2,822,602.78, representing the original payment plus eight years' interest at 6 percent. So the "poor, white Christian women of the Southeast" are that much richer.

"Democracy Works Here"

THAT's the slogan of a patriotic project scheduled to start this month under sponsorship of the National Retail Dry Goods Association and the *Saturday Evening Post* for the purpose of showing the American public how great are the blessings of the American way of life. All retail associations have been invited to take part; their members are being provided with posters, short radio transcriptions, advertisements, scripts, and publicity releases to promote the campaign.

Participants will display an emblem bearing the legend: "Democracy works

here. Yours is the right to pick and choose . . . without a free exchange of goods you cannot have a free people." Banks wishing to use any of the material should write to the *Post* in Philadelphia.

By the Way . . .

A HALF dozen or so New York City mutual savings banks have put their dividend rates on a 2 percent annual basis. They previously paid 1½ percent.

THE Philadelphia Agency for Business Loans to Servicemen, Inc., organized more than three years ago by 30 banks, is winding up its affairs as the number of credit applications diminishes. The agency made business loans totaling about \$1,135,000 to veterans, interviewing some 20,000 GIs in the process. Each bank contributed a part of the operating cost and accepted a pro-rated share of the loans.

SALES of over-the-counter life insurance by mutual savings banks amounted to \$58,500,000 during 1948, bringing to \$496,600,000 the amount in force on January 1, 1949. The number of policyholders increased 40,710 to a total of 495,300. This insurance protection is sold by 156 savings banks in Massachusetts (where the plan originated in 1908), 65 in New York, and 30 in Connecticut.

HARVARD University, with some outside help, is going to study the importance of the businessman in the growth of American civilization. The university is setting up the "Research Center in Entrepreneurial History," financed by a Rockefeller Foundation grant, at (CONTINUED ON PAGE 14)

"In this case FDIC means 'Father Dips in Constantly!'"



This man
helps keep
**GOOD LOANS
GOOD**



IF COLLATERAL BURNS, his vigilance in urging coverages in keeping with today's values assures adequate funds for replacement financing on a sound basis.



IF BUSINESS IS INTERRUPTED, his foresight in recommending Business Interruption insurance (Use and Occupancy) not only provides funds for interest and installments, but for necessary overhead expense essential to staying in business.



IF JUDGMENT THREATENS, his thorough analysis of liability exposures and care and skill in specifying correct coverages may save your customer, as well as your loan.



IF ACCIDENT OR SICKNESS STOPS INCOME, his programming of your borrower's insurance to provide funds to replace lost income as well as to cover burdensome medical expense, may mean the difference between a defaulted loan and the saving of an up-and-coming enterprise.

OF COURSE HE IS YOUR
HOMETOWN AGENT OR
BROKER WHO SELLS—
"THE RIGHT TO
FEEL SECURE"

STRENGTH • PERMANENCE • STABILITY



SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA • LOS ANGELES



Statement of Condition

December 31, 1948

Resources

Cash and Due from Banks	\$ 371,449,699.27
U. S. Government Securities	\$877,536,452.92
State and Municipal Securities	34,331,921.70
Other Bonds and Securities	11,268,382.34
Loans and Discounts	923,136,756.96
Earned Interest Receivable	418,457,737.42
Customers' Liability under Acceptances and L/C	5,824,942.41
Bank Premises	2,240,553.43
Vaults, Furniture and Fixtures	4,368,647.74
Other Assets	822,521.67
TOTAL	50,977.35
	\$1,726,351,836.25

Liabilities

Capital	\$30,000,000.00
Surplus	30,000,000.00
Undivided Profits	24,000,000.00
Reserves for Contingencies, Interest, Taxes, Dividends	\$ 84,000,000.00
Interest Collected—Unearned	17,421,335.86
Acceptances and Letters of Credit Liability	2,652,852.28
Other Liabilities	2,259,437.98
Deposits—Time	201,123.06
—Demand	\$644,150,466.87
TOTAL	975,666,620.20
	1,619,817,087.07
	\$1,726,351,836.25

Securities carried at \$94,545,087.60 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

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126 OFFICES AND BRANCHES

If a banking connection in Southern California would be of value to your bank, we invite you to open your account with us.

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

JUST A MINUTE—Continued



"I wouldn't have believed old Ormsby finally made the official staff if I hadn't seen him being measured for his chair"

which scholars will undertake to fill out this chapter in the nation's history. Professors from several schools will contribute to the study of such things as the contribution of businessmen to a dynamic economy; changes in the character, abilities and philosophies of businessmen; conditions necessary to business enterprise in different periods of our history; and the leadership of business.

A RECENT issue of The Royal Bank of Canada's *Monthly Letter* took an unusual slant. Devoted to books and reading, it comprised an admirable little essay on that subject, with commentaries on great books in general and Canadian books (naturally) in particular. Suggestions on building a personal library were also offered. As a supplement the letter provided a bibliography of Canadian books of the year.

JOHN L. COOLEY

There is a great deal of difference between the man who gets a lot of money and the one who lets a lot of money get him.

No one believes in heredity like the fellow whose rich uncle has just left him a fortune.

The wise know they know nothing; only the ignorant know everything.

A good friend is hard to find and impossible to lose.

A Great Day ...at Grand Detour



● When the first Grand Detour plow of 1837 was tested, it turned a clean furrow in the sticky prairie soil where other plows would not scour. For the village of Grand Detour and the pioneer farmers of the midwest it turned dismal failure into success beyond their dreams. * * When Leonard Andrus, aided by the local blacksmith, built his plow with moldboard of hardened steel instead of traditional wood or iron, he started the world's oldest steel plow business, since 1919 a part of Case. It marked the start of a century that advanced the art of soil tillage more than all the fifty centuries before. * * As new-world freedom and enterprise made the American farmer the most productive on earth, so has financing of his machinery become big business. Case believes it is business that belongs to local banks.

CASE



Case Centennial plow
and Model "DC" tractor

See "Pageant of Progress" as thousands saw it daily for a week during the Wisconsin Centennial Exposition at Milwaukee last summer. Filmed then, this Case pageant of quaint costumes, strange skills, ancient tools and modern machines has been made into a full-color sound movie. Besides being shown by Case dealers, it is available for meetings sponsored by banks, civic clubs, educational agencies and farmer groups. Write now for reservation of future date desired. Address our nearest branch house. J. I. Case Co., Racine, Wis.



Speed Up Bank Service

...without increasing Overhead!



To speed traffic at tellers' windows ... to spare the time of busy executives in getting information ... to determine immediately the status of any account ... more and more banks are turning to Executone Electronic Intercom!

Just press a button ... and talk. Instantly Executone speeds your voice to the person or department you wish to reach. Questions can be answered, information obtained, transactions discussed. It's as easy, convenient and confidential as in-your-office conversation.

Executone cuts overhead, conserves energy, increases efficiency. For the full story of what an Executone modern intercom system can do for your bank—mail the coupon below.

- ✓ Executone Intercom is unconditionally guaranteed
- ✓ Over 100,000 successful installations U-L Approved

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Without obligation, please let me have—
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☐ New booklet "How to Solve Communication Problems."

NAME.....

FIRM.....

ADDRESS.....CITY.....



SHORT, fidgety, and nervous, he walked up to the note teller's window, handed her a check and said, "My note is due today, and here's the payment. Be sure to give me the canceled note; I am very businesslike and like to keep all such records in my personal files." The check was for \$1,978, but looking the note up in the ledger, the teller found that it was for \$2,000.

Courteously she said, "But, Mr. Brown, the note is for \$2,000, and this check is drawn for only \$1,978."

Bristling a bit, the customer reached into his coat pocket, pulled out a deposit ticket and threw it on the counter. "But that's all I got credit for," he said. "Here's the credit slip you gave me—look at the amount."

"Well, you see, Mr. Brown," explained the teller, carefully, "when you made this loan, we deducted the interest and documentary stamps from the face amount of \$2,000 and gave you credit for the balance, and now the entire \$2,000 is due."

"But I only had credit for \$1,978, and that's what I'm paying you!"

"You understand, Mr. Brown, that this, of course, was an interest-bearing note."

"Yes, and you have already deducted for them—it says so right on the deposit ticket!"

"But, Mr. Brown," said the teller, patiently, "if you don't pay the entire \$2,000 the note was written for, it means that the bank is not receiving that interest and the cost of the stamps."

"Well, my gosh! Why in the world didn't they say something about it in the first place? Give me that check and let me write a new one for the full amount—and don't you ever dare tell anyone about this—hear me?"

Some bank customers are very reticent; they dislike laying the cards on the table when applying for a loan. Such was the very independent farmer who, when asked the routine questions as to income, holdings, indebtedness, etc., preparatory to borrowing several thousand dollars, testily exclaimed, "Jehoshaphat! I ain't asking for no social welfare relief—all I want is to borrow some money!"

As a rule, banks expect complaints from customers who find errors in their accounts—but we recall one case when a patron was almost inordinately pleased. She had come in to make a withdrawal from her savings account, and comparison with the ledger showed a balance of \$20 more than that indicated by the passbook. An entry of that amount, made several years before, appeared on the ledger, but not in the book, and when the deposit ticket was located, it was found that the credit should have been made to her husband's account. "We will charge the \$20 to your ledger account, and credit it to your husband's," said the teller, "and then each balance will be correct." "Oh, don't do that!" chortled the delighted customer. "Just leave things the way they are—that's the easiest \$20 I ever got away from him!"

BELLE S. HAMILTON



Burroughs Commercial Teller's Machines

win approval from the nation's banks

Over 1300 banks are winning customer goodwill and speeding internal accounting with Burroughs Commercial Teller's Machines. Modernize your teller operations with this fast-growing service. Call your Burroughs office today.



Three years' experience indicates-

"A saving of 20% in time needed to wait upon customers . . . bookkeeping department can pick up accumulated deposits and checks from tellers at any time, insuring continuous operation of bookkeeping department . . . proofs of day's work arrived at quickly . . . automatically gives tellers and auditor a detailed machine posted blotter of transactions . . . the amount of each cashed check (the figures of which may have been poorly written) is registered at the time of cashing, giving the proof department, bookkeeper and statement clerk the exact amount for which the check was taken by the teller."

The Second National Bank
Paterson, New Jersey



"More than fulfilled our expectations"

"Our tellers can handle more customers in less time . . . lines move faster on busy days. Receipting of deposits is particularly hastened when more than one duplicate is required. Tellers find these machines save time in proving at the close of the day. They have a more complete journal record . . . which is helpful when they find it necessary to check for errors. Customers share with us the feeling that the use of these machines has modernized our method of receipting for deposits."

City National Bank and Trust Company
Kansas City, Missouri

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



CONDENSED STATEMENT OF CONDITION

At the Close of Business December 31st, 1948

ASSETS

Cash on Hand and with the Federal Reserve Bank	\$ 71,975,551.51	
Due From Other Banks	7,950,138.19	
United States Government Securities	178,774,799.61	\$258,700,489.31
Other Bonds and Debentures		816,777.00
Other Securities		7.00
Miscellaneous City and County Warrants		420.87
Stock in Federal Reserve Bank		360,000.00
Loans and Discounts		33,326,740.46
Bank Premises, Furniture & Fixtures		4.00
Customers' Liability on Letters of Credit & Acceptances		289,134.68
Customers' Liability Under Loan Commitment Agreements		4,532,000.00
Accrued Interest Receivable on Loans & Securities		818,414.77
TOTAL		\$298,843,988.09

LIABILITIES

Deposits:		
Demand	\$183,333,360.96	
Time	71,318,994.83	
Public Funds and United States		
War Loan Deposit Account	23,793,591.50	\$278,445,947.29
Letters of Credit & Acceptances		294,194.68
Loan Commitment Agreements		4,532,000.00
Interest Collected but Unearned		45,514.78
Reserved for Dividends, Interest, Taxes and Insurance		926,331.34
Capital Paid In	\$ 6,000,000.00	
Surplus	6,000,000.00	
Undivided Profits	2,600,000.00	14,600,000.00
TOTAL		\$298,843,988.09

FARMERS' MERCHANTS NATIONAL BANK

4th of Main (54)

MADISON 7272

THE OLDEST BANK IN SOUTHERN CALIFORNIA

FEDERAL DEPOSIT INSURANCE CORPORATION • FEDERAL RESERVE SYSTEM

NUMBERS

ALL Personalized Checks should be consecutively numbered. All DeLuxe Personalized Checks are consecutively numbered. We think a check with a printed name but without a printed number is only partly finished. We think, in order to provide complete distinctiveness for the individual, that checks should be both imprinted and numbered.

TRUE enough, the correct printing of numbers imposes some considerable

responsibility upon the printer. It complicates the printing operation and increases the factor of error, but on the other hand, it can be done with proper equipment and trained workmen, and it certainly does add to the value of the instrument. As a matter of fact, anything that is associated with the control of money should be numbered, and usually is. Numbers insure better control and, in the case of checks, simplify reconciliation of accounts.

SO give proper weight to the importance of printed numbers when evaluating Personalized Checks. They are part of the check . . . a most important part. To provide checks without them is to provide less value.

DeLuxe
CHECK PRINTERS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

By the Way

The football coach knows two halves make a whole, and he hopes the fullback will go through.

Sometimes the pinnacle of fame and the height of folly are twin peaks.

In prosperity everyone knows a man; in adversity he is a stranger.

The more a person knows he knows, the less he knows he knows.

When you try to keep up with the Joneses, how do you know where they are going?

The person who bores you always has plenty of time to spare.

Early to bed and early to rise makes one awfully tired.

The cynic says a doctor is a person who saves you today so you can die tomorrow.

A hypocrite is a person who can't even tell the truth in his own diary.

Tact is the ability to let someone else do it your way.

A pessimist is a person who isn't happy unless everyone is as unhappy as he is.

No sin makes a fool out of a man. It only gives him a chance to develop his natural capacities.



"You nearly missed seeing me this week. A new red-head in our block nearly talked me into buying her an ice cream soda"

B OF M SPANS CANADA WITH 500 BRANCHES



Canada OFFERS YOUR CLIENTS Opportunities Unlimited

... opportunities to every United States banker who wishes to further the interests of his clients in this vast and rapidly expanding market.

Canada—third greatest trading nation in the world—imports \$2½ billion worth of goods annually, exports over \$3 billion. It offers immense sources of raw materials, unexcelled labor supply, abundant, low-cost power, and fast, economical air, water, rail and highway transportation.

Canada's gross national product runs to a value of more than fifteen billion dollars. Wages and salaries amount to over seven billion.

Canada's people live close to the border—her large cities, with mass markets and high population density, are mainly along the international boundary.

This vast market is growing, and Canada's future is rich. Since 1817 the Bank of Montreal has helped it grow, has grown with it. And as the first Canadian bank

with a United States office, established in New York in 1859, it has a long and successful record of assisting American bankers and businessmen in transacting a large volume of Canadian business.

We invite you to use our facilities for yourself, or your clients, with the certainty that all inquiries will receive prompt and reliable responses from any of our offices in New York, Chicago, or San Francisco, or from our Foreign Department in Montreal.



If you want up-to-the minute information on establishing a plant in Canada, on Canadian exporting or importing we have specific facts and figures. Ask us what you want to know. And, as a starter, we'll send you our 100-page, fact-packed booklet "Canada Today." Write for booklet A-50 to any of our U. S. offices, or to our Foreign Department in Montreal.



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In Canada since 1817... In U. S. since 1859

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*Over 500 Branches
across Canada*

RESOURCES EXCEED \$1,900,000,000

Import Curbs Cost Canada Foreign Markets

PRESIDENT TRUMAN's State of the Union and accompanying messages to Congress attracted considerable attention in Canadian business and political circles. Canadian businessmen took much the same attitude towards the pronouncements as their American colleagues, though seeing in them measures, which if adopted by Congress, might be taken up for discussion in the Dominion House of Commons soon after it reconvenes late in January. These businessmen in Canada, however, do not fear that additional taxation would be imposed upon them even if some of Mr. Truman's social security proposals were to be adapted by the Canadian political administration.

The Dominion authorities are in a comparatively easy financial position with revenues steadily overbalancing expenditures and with a prospective budget surplus of \$600/\$700-million at the end of the government's fiscal year, March 31. Present expectations are that with a general election looming up this year the government will make some income tax reductions, notwithstanding the higher defence expenditures likely to be undertaken in line with Canada's participation in the Atlantic Security Pact and with the consequent rearmament program.

President Gets Mixed Reception

In political quarters President Truman's messages had a mixed reception, though finding favor with some elements of all three major parties. The Socialists regarded the President's statements as excellent material for their purposes as they coincide in some respects with their views that higher corporation taxes should be imposed, price controls re-established, labor laws eased and the government take a more active part in the regulation of business and broaden social welfare. Even some sections of the Liberal and Progressive-Conservative parties found good election food in the President's messages.

The present Liberal Administration is, however, generally of a conservative type and desirous of easing controls over business and of keeping its financial house in good order. But it might be under considerable pressure to adopt a more benevolent attitude and compromise on more social welfare.

Record Peacetime Economy

Further support of a movement in this direction might develop if business conditions in Canada were to take an unfavorable turn this year, with resultant widespread unemployment. The year 1948 was one of record peacetime economic activity. It had: (1) full employment, if not overemployment; (2) the best-balanced production ever achieved, with generally good crops, and the maintenance of industrial activity on the 1947 level; (3) and fairly steady domestic trade, combined with exports valued at about \$3-billion, the highest of all time except the years 1944-45, when huge quantities of military supplies were being shipped out of the country. All these relatively prosperous conditions continued right up until the end of 1948 and the general economic record was, therefore, more uniformly good than that which came into view in the United States in the closing months of last year.

Clouded Economic Outlook

More recently, however, uncertainties have developed which have clouded the economic outlook. The loss in foreign markets for Canadian products resulting from import restrictions and exchange difficulties abroad are now felt quite severely. Britain, the traditional

market for most of Canada's surpluses of lumber and certain foodstuffs, has shifted a good proportion of her purchases to other countries, even to Eastern Europe, because of her shortage of Canadian dollars. She is expected to make new supply contracts with Canada, but in all probability these will be of smaller volume than for some years past.

Other British countries, notably Australia and New Zealand, are even worse off for hard currency than Britain and are cutting down considerably on their imports from Canada. ECA allocations to Canada for the ERP are not expected to be as large this year as they were in 1948, when they aggregated about \$600-million, the shipments under which made up about 10 percent of the value of all Canadian exports last year.

Moreover, the American market for Canadian products is not considered to be capable of such further expansion under present conditions as to take up the additional slack in export trade outside North America. In 1948 Canadian exports to the United States accounted for about half of all exports, or approximately \$1½-billion, rising by 45 percent in value over those of 1947 and more than counterbalancing the loss of nearly \$200-million in all other markets.

(CONTINUED ON PAGE 22)

The Toronto Globe and Mail sees Secretary of State Acheson wielding a firm foreign policy and Marshall Plan aid as a wedge in Soviet Russia's plans for further expansion in Europe



"WHEN YOU GIVE YOUR STORES

New Sales Personality,

YOU 'INSURE' YOUR INVESTMENTS"

● All over the country, bankers have found this to be a fact. For, when they've modernized their store properties with Pittsburgh Glass and Pittco Store Front Metal, they've given these structures the kind of sales personality that has assured them steady revenue . . . satisfied tenants . . . a long list of prospective occupants. And this is a form of low-premium insurance with high returns.

Why not plan now to give the store properties you handle the advantage of "eye-appeal"? Remodeling them with Pittsburgh Products will make them better revenue producers for you—and better sales winners for their tenants.

Your architect is familiar with these products, so discuss your needs with him. This will assure you well-planned, economical designs. And call on our specialists for any additional help that you may require. There is no obligation on your part.

Meanwhile, send for a copy of our fully illustrated book, "Modern Ways for Modern Days." It shows how all kinds of stores have been helped to achieve this new personality with Pittsburgh Products. It's free and the coupon below is for your convenience.



BEFORE



AFTER

THIS FLOWER AND GIFT SHOP in Hampton, Iowa, with its open vision front offering a clear view of the interior, is a striking example of how "Pittsburgh" modernization can be employed to give a business greater attraction-power. Remodeling your store properties like this safeguards your investments; holds old tenants, attracts new ones.

Pittsburgh Plate Glass Company
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Without obligation on our part, please send us a **FREE** copy of your book, "Modern Ways for Modern Days."

Name

Address

City State

"PITTSBURGH" *Store fronts and Interiors*



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

PITTSBURGH PLATE GLASS COMPANY

(CONTINUED FROM PAGE 20)

Bank Assets Hit Peak

The 10 Canadian banks of commercial character closed their fiscal years, ranging from September to December, with combined total assets at a new peak of more than \$8-billion, about three-quarters of which was classified as liquid items, mainly, of course, high-grade securities. Holdings of securities, largely Dominion, provincial and municipal government issues, were increased in contrast with a downturn in 1947, when the Dominion Government retired large blocks of their short-term borrowings. A revival of large-scale bank purchases of government securities was actually associated with the general credit policy adopted early last year under the aegis of the central bank, the Bank of Canada. That institution then sought the cooperation of the commercial banks in tightening bank credit for capital expenditures and unwarranted building up of inventories with a view, of course, to curbing inflationary pressures.

Private capital investment, however, continued on an abnormally high plane and corporations liquidated some of their holdings of government securities to finance their ventures. Some of these securities were taken up by the banks as they came on the market. Moreover, the Dominion Government turned again in 1948 to the banks for temporary financing in the form of deposit certificates bearing an interest rate of $\frac{5}{8}$ of 1 percent. Commercial bank credit for current production and trade, however, continued to increase until it accounted for about 30 percent of total assets.

Savings Deposits Increase

The major feature in commercial bank liabilities was an increase of about 10 percent in savings deposits, which crossed the \$4-billion mark for the first time in Canadian banking history. These and demand deposits aggregated more than \$6½-billion, including government balances, and were distributed over more than seven million accounts.

Extension of banking service in Canada has been quite broad in the past year, in fact, the broadest so far in the postwar period, 100 new offices being opened to bring the total in operation across the country to 3,550, manned by over 40,000 employees, including administration staffs, all of whose salaries, bonuses and cost of living allowances amounted to nearly \$80-million. Banking profits were higher than 1947.



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Once punched and placed over the prongs of the ACCO Fastener, each paper retains its proper place in the folder by date, number, or other required sequence—and is not subject to accidental scatteration or piece-

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When you introduce Accobind Folders into your file you have settled for ten years, at least, the vital matter of record security in your office.



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ACCO Fasteners are made in 30 styles and sizes for Loose Leaf binding
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New York Terminal Warehouse Company
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.



In the photo at left are, left to right at table, starting at end of table: Mr. Wanberg, Mr. Young, Mrs. Blair, Mr. Lindquist, Mr. Wright, Margaret Hadley, secretary, Chicago District, IBA, Mr. Frank; at right, one of the audiences

Chicago Banks Hold Forum Series

WHAT Your Bank Can Do for You" was the theme of a series of 10 weekly forums which were recently completed in Chicago under the sponsorship of the Chicago District of the Illinois Bankers Association. The audience at these meetings was the more than 200 members of the Women's Finance Forum of Chicago, while the banks that acted as hosts were the First National Bank of Chicago, Chicago National Bank, Continental Illinois National Bank and Trust Company, Harris Trust and Savings Bank, Northern Trust Company, City National Bank and Trust Company, American National Bank and Trust

Company, Chicago Title & Trust Company, and LaSalle National Bank.

The subjects of individual talks ranged from "Bankers Are Human," given by Mark A. Brown, executive vice-president, Harris Trust and Savings Bank, at the opening meeting in the LaSalle Hotel, to "Banking in America's Future," a talk at the last meeting by Clifford S. Young, president, Federal Reserve Bank of Chicago. Also at the last meeting, the series was summarized from a public relations standpoint by Robert Lindquist, vice-president, LaSalle National Bank, and former president, Financial Public Relations Association. Another speaker at

the last meeting of the series was Frank C. Rathje, president of the Chicago City Bank & Trust Company, and former president, American Bankers Association.

Each meeting was focused on a different banking topic, discussed by a recognized expert, following which there was a question and answer period when inquiries were handed up to a panel of four to six officers of as many Chicago banks. The women who attended were given detailed advice on a wide variety of personal and estate problems.

Complete transcripts of each meeting were made available to forum members who were unable to attend as well as to

Three forum speakers below are, left to right: Robert Lindquist, vice-president, LaSalle National Bank; C. S. Young, president, Federal Reserve Bank of Chicago; President John C. Wright of the LaSalle National Bank

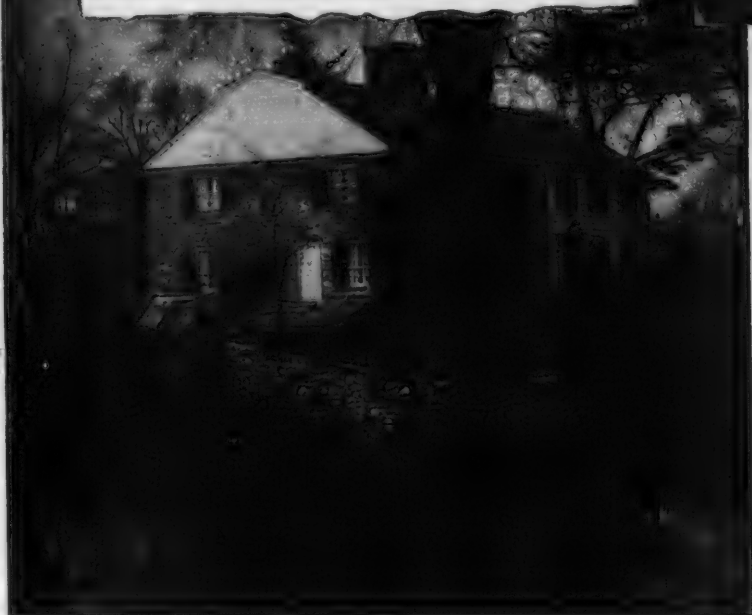


Castle in Sleepy Hollow

Trading Post of a Patroon



"The Widow Beekman's parlor"



TO GUARD against Indians, river raiders and other marauders likely to prey on a wealthy landowner, Frederick Philipse made his house a sort of fortress. Its stone walls were two feet thick and seven-foot cannon were placed in a row of gun ports facing the Hudson. In the cellar a year's supply of food could be stored and there was an emergency stable in which

cattle could be quartered during a raid. A secret room provided refuge from unwelcome visitors.

Now known as Philipse Castle, the house which is located in the Sleepy Hollow section of Tarrytown, New York, was erected in 1683 as country seat, manorial office and trading post of a pioneer industrial settlement. Philipse, who built the house, was one

of the earliest and greatest of the patroons. On the estate was produced virtually everything needed to feed, clothe and house the family and tenants. There were facilities for dairying, spinning, carpentering, coopering and smithing; there was a mill where the farmers brought their grain to be ground. With typical Dutch thrift, Philipse utilized every asset. The water which turned the mill-wheel was made to form a basin where ships could be loaded with

products of the estate in exchange for goods from far-off lands.

According to local legend when Philipse was building the mill dam, it kept washing away. Then a slave told of his dream that Philipse would not be successful in his efforts until he erected a church to the glory of God. Thereupon he built the nearby Sleepy Hollow Church and, as foretold, work on the dam proceeded satisfactorily.

During the Revolution, because the Philipse family, like many of their neighbors, were loyalists, the estate was confiscated and the Lord of the Manor obliged to flee to England. The house itself together with 750 acres was purchased by Gerard G. Beekman, husband of the famous Cornelia Van Cortlandt, and in 1785 the wooden wing, now known as the Beekman addition, was built.

In the Beekman wing are relics dealing with the capture of the British spy, Major Andre, in which Cornelia Beekman played a part. An American officer left a valise containing his uniform in the house where she was living, and though a Royalist attempted to secure the valise, the patriotic Cornelia was able to foil him, thereby depriving Andre of a desired disguise.

Through the generosity of John D. Rockefeller, Jr., Philipse Castle has now been restored and is maintained as a museum.

★ ★ ★

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.

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Manorial office; set up for business even to the sanded floor



**First National Bank of Arizona and
The Phoenix Savings Bank & Trust Company**
PHOENIX, ARIZONA

Combined Statement of Condition, December 31, 1948

RESOURCES		LIABILITIES	
Cash and Due from Banks.....	\$ 22,991,492.02	Deposits:	
U. S. Securities.....	32,384,014.29	Demand.....	\$ 64,016,405.90
Other Bonds and Securities.....	4,604,788.49	Time.....	22,748,665.91
	\$ 59,982,294.80		\$ 86,765,071.81
Loans and Discounts.....	30,383,285.83	Reserve — Taxes and Interest.....	326,552.76
Federal Reserve Bank Stock.....	81,750.00	Unearned Discount.....	173,432.94
Interest Accrued.....	240,894.80	Other Liabilities.....	17,931.49
Bank Premises and Equipment.....	839,739.07	Letters of Credit.....	295,665.47
Other Resources.....	210,715.23	Capital Stock.....	1,347,500.00
Customers' Liability L/C.....	295,665.47	Surplus.....	1,872,500.00
		Undivided Profits.....	1,014,858.55
		Reserve for Contingencies.....	220,832.18
Total Resources.....	\$ 92,034,345.20		4,455,690.73
		Total Liabilities.....	\$ 92,034,345.20



*A Quincy (Mass.)
Banker Reports*

**We have 8,300
active
ThriftiCheck
accounts**

After 9½ years' experience with THRIFTICHECK we still consider its most important feature to be the imprinting of the customers' names on their checks.

With special equipment furnished by Bankers Development Corporation we not only imprint the customers' name on his checks but deliver them actually before the ink is dry on the signature cards. The impression this 'immediate delivery' makes is best reflected by the new accounts opened through present customer recommendations.

Aside from the profit derived from this service is its public relations value. We are convinced that it brings in hundreds, if not thousands of individuals who would not otherwise be coming into this bank.

Practical, factual evidence in our Brochure tells why THRIFTICHECK is a profitable department in hundreds of banks from coast to coast. A copy will be sent you on request.

BANKERS DEVELOPMENT CORPORATION

**31 NASSAU ST
NEW YORK 5
NEW YORK**

those who were present. This material is intended for study and reference purposes. At the meetings the banks' financial statements were distributed, as well as other printed material having a bearing on the subjects under discussion. In addition, forum members had an opportunity to see the Continental Illinois film, *Back of Every Promise*, a story of commercial banking.

The public relations value of the meetings was not exhausted with the talks and panel discussions, for, after most of the meetings, refreshments were served and guests had an opportunity to become better acquainted with their banker hosts and to continue their discussions of financial matters in a more informal way.

In connection with the series of 2-hour evening programs, 10 dinners were given for the speakers, panel members, and certain other bank officers and members of the board of the forum.

A coordinated publicity program was carried on to give the public as much information as possible about the series of meetings. Publicity included a proclamation by the mayor of Chicago, announcements in bulletins of the superintendent of schools, three radio interviews and several spot radio announcements, bulletin board announcements in schools, nurses' homes, girls' and women's clubs, weekly notices in newspapers, and feature stories in Chicago and suburban papers.

A Joint Effort

The valuable results of the 10 meetings were achieved largely through the efforts of Lorraine L. Blair, founder and executive director of the Women's Finance Forum; Joseph Wanberg, president, First National Bank of Evanston, and president, Chicago District of the Illinois Bankers Association, and Elliot W. Frank, vice-president, LaSalle National Bank, and chairman of the district's committee on public relations.

Mrs. Blair points out that the advantages to a bank in participating in such a program include the building of goodwill, developing new customers and strengthening relations with old customers, breaking down the idea that only the wealthy can use bank services, establishing a better understanding of the physical operation of a bank, bringing bankers face to face with women interested in financial problems, and forming a disinterested group of women who, through their better understanding, will do their part to promote the American way of economic life.

OFFICE MEMORANDUM

Subject: *Bond Account Analysis*

From: *PCM*
To: *WSE*

Bill—many times in the past Bankers Trust has given us sound, constructive advice on our Bond Account.

These are uncertain times. How about having them go over our list again?
I recommend it PCM

How to get specific recommendations on **YOUR BANK'S BOND ACCOUNT**

TODAY, business and economic conditions are undergoing significant changes. You will want to be sure your bond account is analyzed *now* with a view to the conditions that lie ahead.

In making specific recommendations to your bank on the composition of its bond account, our specialists evaluate the following factors—

Volatility of deposits—liquidity of bond account—trends in loans and deposits—nature of deposits—prospects for loan expansion—Treasury and Federal Reserve policies—tax

regulations—interest rates—earnings—and general economic trends.

After careful study, our Bond Department draws up a detailed analysis which recommends *what* to buy and *what* to sell. In addition, we can advise you on the arrangement of maturities, and suggest switches from one issue to another as market

movements provide favorable opportunities.

We will be glad to give you *specific recommendations* for your bank. Simply write Bond Department, Bankers Trust Company, 16 Wall Street, New York 15, to make the necessary arrangements. There is no charge or obligation.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



NEW!...and

today's outstanding

adding machine value

Monroe presents its new 8-column **electric** adding machine with **direct subtraction** . . . at a price that will appeal to every business familiar with Monroe high standards. The same brilliant performance . . . the same sturdy, high-quality construction, and the same features that made the larger-capacity Model 410 an instant success. **See and compare!** Finger-ease keytops...no-glare colors...**"Velvet Touch"** operation . . . and ample capacity for a wide range of work. Sold only through Monroe-owned branches and backed by a nation-wide factory-trained service organization. Monroe Calculating Machine Company, Inc., Orange, N. J.



NEW MONROE ADDING-LISTING MACHINE MODEL 408-11-001

MONROE
MACHINES FOR BUSINESS

CALCULATING • ADDING • ACCOUNTING MACHINES

Biggest Advertising Campaign Directs People to Banks

THIS will be Opportunity Year for banks to build good public relations through the medium of the Treasury Savings Bond Program.

The selling campaign in connection with this great merchandising effort is five times as large as the biggest single product advertising account in the country. Practically all of the advertising urges people to go to their banks to buy bonds.

J. P. Wilkerson, account executive of Young & Rubicam in charge of the Savings Bond Program, said that if all of the time and space devoted to Savings Bonds in all consumer media last year had been purchased through regular channels the total bill would have been almost \$45-million. It is estimated that the volume of similar advertising this year will be even greater.

Here are a few of the pertinent facts about this great continuing merchandising effort, according to Mr. Wilkerson.

The magazine campaign, prepared by Young & Rubicam, alone accounts for \$16-million worth of space, as it appears in 1,100 magazines each month with a monthly circulation

total of 150-million. In other words the 12 ads in this campaign used in 1948 represented space expenditure well in excess of that of any other single product in all media. This was a donation of the Magazine Publishers of America, whose Committee is Bernard Barnes, chairman, Time, Inc.; Albert E. Winger, president, Crowell-Collier Corporation; Frank Braucher, president, Periodical Publishers Association; John E. Smith, vice-president, McCall Corporation; Raymond B. Bowen, advertising director, New Yorker Magazine; Arthur W. Kohler, vice-president, Curtis Publishing Company; and Fred Bohlen, president, Meredith Publishing Company.

Radio, Newspapers, Posters, Car Cards

The radio campaign, with 15 half-hour shows, the 15-minute transcribed Guest Star series on 2,500 AM and FM stations every week, and myriads of spot announcements represented a schedule fantastic as compared with product campaigns.

Each month Young & Rubicam prepares eight newspaper

Two of the Treasury's current series of ads, designed for the insertion of a firm's name



When will you hang them up?

IN EVERY BUSINESS OR PROFESSIONAL life, there comes a day when you "hang up your gloves" - retire from active work.

It's a day almost everyone looks forward to. Unfortunately, not everyone prepares for it.

But everyone who makes it in a lifetime makes it often enough... or early enough.

Actually, if you stop to think of it, there's no better time than right now to start building that comforting cushion for your later years.

Now, when your government offers the finest, safest and most convenient investment plan in the world—U.S. Savings Bonds.

When they mature, U.S. Savings Bonds return you four dollars for every three dollars you put into them. U.S. Savings Bonds are backed by the United States Government—and that means insured protection for your money.

U.S. Savings Bonds can be bought regularly and automatically—thanks to two convenient purchasing plans: The Payroll Savings Plan and the Bond-a-Month Plan.

If you work at an office, store, plant, mill, or factory, inquire at your cashier's office. If you own a checking account, ask your teller. But make sure you choose one of these plans. Years from now, you'll be awfully glad you did.

Automatic saving is sure saving—U.S. Savings Bonds

YOUR NAME HERE



10 years sure make a big difference!

Funny thing about time — the days and weeks often seem long but the years slip by like candy!

In just ten years, our pig-tailed heroine on the left, who now spins tops so happily, will be spinning young man's heads—just as happily! She'll be all grown up... eager and anxious to go to college. But, no you know, college or any other design for living, working, or playing takes money—lots of it.

Luckily, 10 years can make a difference in other things, too. Money, for instance. If you go about it right, you can make your money grow, right along with that youngster.

The way to do it is to start now to buy U.S. Savings Bonds regularly.

Figure how much you'll need in 10 years. Then put aside the amount each week that will equal the total—remembering, of course, that you get four dollars back for every three you invest, after 10 years!

Then, if you have a pet project for the future, like sending your little girl to college, the money will be ready when she is!

If you are on a payroll, join the Payroll Savings Plan where you work. If not, inquire about the Bond-a-Month Plan at your bank. Either way, don't let the time slip by. Remember...

AUTOMATIC SAVING IS SURE SAVING—U.S. SAVINGS BONDS

YOUR NAME HERE

This is an official U. S. Treasury advertisement—prepared under auspices of Treasury Department and Advertising Council.

This is an official U. S. Treasury advertisement—prepared under auspices of Treasury Department and Advertising Council.

ads, from full-page size down to 400-line size, which run regularly in thousands of newspapers across the country in a campaign unequalled by any other national advertiser.

During the year three 24-sheet posters and four car cards were prepared. Over 75,000 car cards were used each time. The Advertising Council awarded the allocation to bonds. One-sheet posters on Payroll Savings, the Bond-a-Month Plan in banks, for farm market coverage, and for general display were used extensively.

The Savings Bonds account is the largest account handled by Young & Rubicam today and has been since its birth in 1941. The result of this advertising is self-evident. It has been successful. More than \$50-billion in bonds are now outstanding in the hands of individuals. There are more bonds outstanding today than at any time, including the peak of the wartime period.

Plans for Spring Sales Program

The Treasury will launch an all-out bond drive next May 16. On the 19th of April President Truman will join the governors of all the states in a simultaneous tribute to local Savings Bonds committees. At that time there will be present in Washington, as guests of President Truman and Secretary of the Treasury Snyder, more than 500 outstanding bankers, industrialists, agricultural leaders, advertising executives, newspaper and magazine publishers, and radio and television officials. The President's message will be broadcast to individual state gatherings, which will include leading bankers from coast to coast.

From Independence, Missouri, 48 covered bond wagons will start out for the various states to recreate the spirit of the pioneers and to demonstrate anew that the road to opportunity is wider than ever in this country. Bankers in each community will be called on to take the leadership in ceremonies connected with the visit of the wagons.

Every Home to Be Reached

In observance of the 50th anniversary of the International Circulation Managers Association, 150,000 boys will contact 10-million homes with bond sales literature, each piece of which mentions banks as the place to buy bonds. The huge scope of the program makes sure that the message will reach practically every home in the country so that no matter whether one turns on the radio, television, the screen, thumbs through a magazine, scans his newspaper, rides by an advertising board, goes to the movies, post office, the ball game, at work or at play, the local banker and the part he plays in the Treasury's program will be dramatically in evidence.

The Community Activities Division of the Savings Bonds Section of the Treasury also contributes a powerful impetus toward getting people to go into banks. This part of the work is carried on through the national headquarters of many women's organizations, service and civic clubs, veteran groups, fraternal societies, churches, and business and professional associations. All are told the same story—that the banks are performing this public service to aid in the distribution of Savings Bonds.

A type of Treasury ad intended for magazine publication as a contribution of the publisher



Memo to a man with a sore nose

Congratulations, sir! Your handaged bank is a badge of honor!

It's a symbol of service... a sure sign that you, like most of us these days, have been keeping your nose to the grindstone—working your hardest just to keep your family living the way you want them to live.

But what of the future? Your nose can't take it forever. Someday you'll want to retire, to follow the holidays and take the trips and do the things that you've always dreamed of doing. That's going to take just one thing

—MONEY! And will you have it when you want it?

You will if you're buying U. S. Savings Bonds automatically—on the Payroll Savings Plan where you work, or on the Bond-a-Month Plan at your bank.

With either plan, you're heading for real financial security. Month after month, regularly as clockwork, your money is saved for you.

It's just about the easiest, surest, fastest way of building financial security that anyone ever dreamed up.

And with U. S. Savings Bonds, you make money while you save it. Every \$100 bond you buy today will be worth \$100 in just 10 years!


Of course, you can always buy bonds at any bank or post office.

But the best way, the sure and steady way, is to buy 'em automatically!


Start doing it now! Keep on doing it! And in no time flat, you'll find that you're well on your way to a permanent separation of nose and grindstone!

AUTOMATIC SAVING IS SURE SAVING—U.S. SAVINGS BONDS.

Contributed by this magazine in co-operation with the Magazine Publishers of America as a public service.



THIS IS HARD



BUT THIS IS EASY


See, you believe in saving. But it's mighty hard to make yourself take cash out of your pocket, and time out of your day, to do it regularly.

The sure way, the *easy* way to do your saving is to get started on an automatic savings plan with U. S. Savings Bonds. Like this...

1. If you're on a payroll, sign up on the Payroll Savings Plan, then forget it. From then on the money saves itself—in much per week, or so much per month.
2. If you're not on a payroll, sign up at your bank for the Bond-a-Month Plan. Equally easy. You decide how much you want to put into bonds every month; your bank does the rest.

In just ten years after you start buying bonds, your money starts coming back to you—well-lasted! Every \$100 you invest today brings you back \$100 to make possible all the wonderful things you dream of doing.

And remember—any time you need your money for emergencies, you can get it back in minutes, without losing interest.



AND THIS IS MIGHTY WONDERFUL

Automatic saving is sure saving—U.S. Savings Bonds

Contributed by this magazine in co-operation with the Magazine Publishers of America as a public service.

what happens

... when Fire strikes a Bank?



Experience has proved it—employees run for the nearest door. No one has the time or inclination to wheel thousands of ledger cards back to the vault . . . even if the vault is unblocked by flames. Contract and ledger records go up in smoke.

That's why so many progressive institutions have changed to the Mosler Ledger Desk Safe. It protects vital records on the spot, eliminates carting of records to the vault, speeds up customer service . . .

UP TO 100,000 CARDS IN A SINGLE MOSLER LEDGER DESK SAFE!

Fire protected

... on the spot

Think of 100,000 ledger and signature cards within finger-tip reach of your tellers! When a daylight fire strikes, just slam the space-saving slide-in door and your irreplaceable records are protected for four hours against temperatures as high as 2000° F.—against impact equivalent to a 30 foot free-fall! Every Mosler Ledger Desk Safe is certified to meet this severest of all tests made by the independent Underwriters' Laboratories, Inc. Without it, you can't depend on any safe. It's the best — most convenient — protection you can have.



For full details,
write for our special
booklet on Ledger Desk Safes.

Or phone our nearest office.
There's no obligation, of course.

(Interiors are
flexible and can be
tailored to meet
individual needs.)

The Mosler Safe Co., Dept. U
320 Fifth Ave., New York 1, N. Y.

☐ Please send me your special booklet on
Ledger Desk Safes.

Name

Firm

Address

City State

The **Mosler Safe Co.**

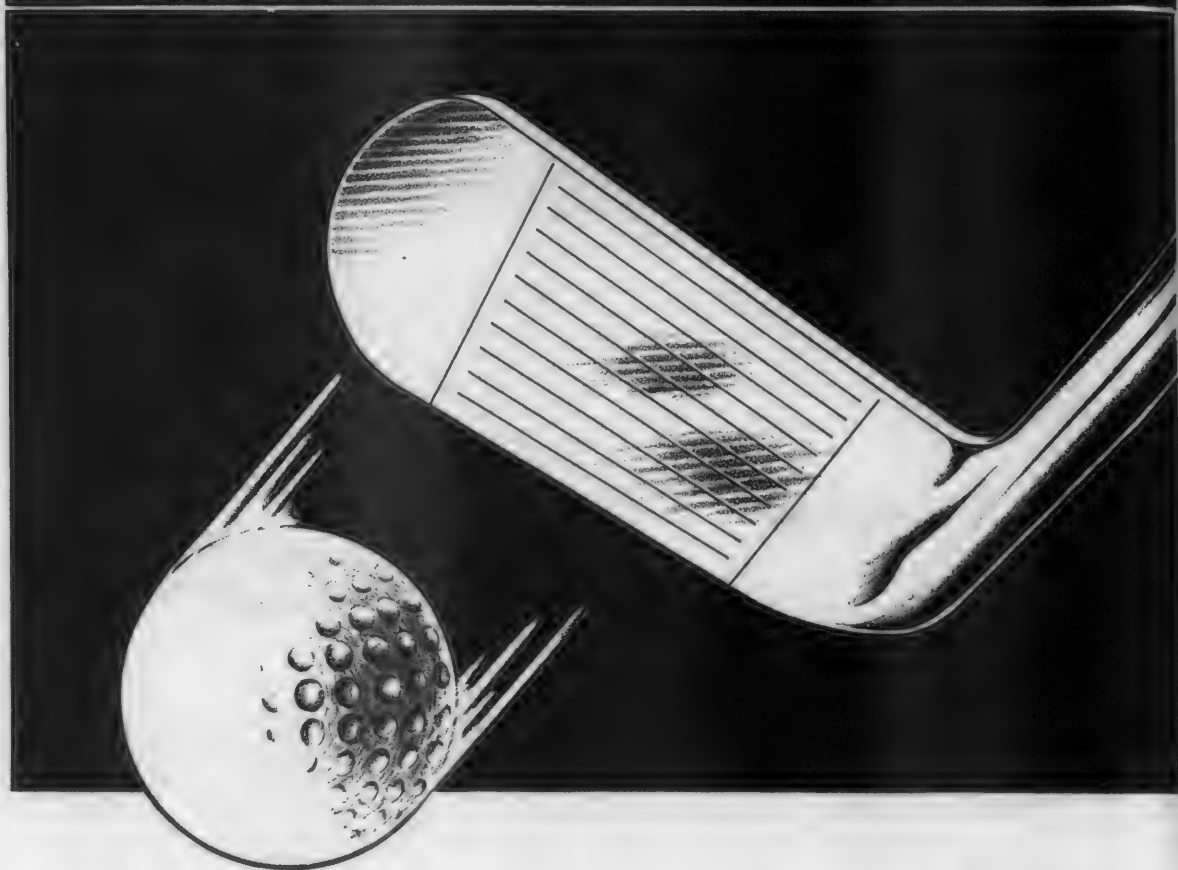
Main office: 320 Fifth Avenue, New York 1, N. Y.

Factories: Hamilton, O.

Largest Builders of Safes and Vaults in the World

Builders of the U. S. Gold Storage Vault Doors at Fort Knox, Ky.

SPECIALIZATION DEVELOPS SUPERIORITY



A golfer *could* use any of his irons on the green—but he gets better results with his putter—because it is specially designed for the purpose.

Likewise, there are many sources of insurance for Consumer Credit, but more than 2,000 institutions have found that they get better results by working with Old Republic, which specializes in Consumer Credit Insurance.

From coast to coast and border to border, including D. C. and

Hawaii, Old Republic serves banks, savings and loan associations, finance companies and small-loan companies. If you extend consumer credit in any form, you'll find important advantages in our specialized forms of coverage. On request, we are always glad to send you specimen policies with complete information on rates and coverage.

Old Republic policies include:

LIFE COVERAGE—either Monthly-Decreasing or Level-Term Basis.

ACCIDENT & HEALTH—which is often combined with Life coverage to make a complete insurance package.

HOME GUARD INSURANCE—covering mortgage loans with life protection at low cost.

TRAVEL-ACCIDENT INSURANCE—including medical and hospital coverage for private-auto travel.

OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY

James H. Jarrell, President

Home Office: Chicago, Illinois

Regional Offices: Birmingham, Alabama • Denver, Colorado • Washington, D. C.

OLD REPUBLIC

SPECIALIZED INSURANCE SERVICE SAFEGUARDING CONSUMER CREDIT

BANKING

FEBRUARY 1949

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

EARNINGS DOUBLED BY RESERVE BANK
Rise in Deposits to \$4,643,112,364 Is Reported by National City Bank
Resources Are Now \$5,004,737,618 as of Dec. 31. Loans and Discounts Also Show Increase Since September

ican Nat'l, Chicago, Earnings Rise
GO, Ill. — Nineteen forty-eight satisfactory and active year for National Bank & Trust Co., which much effort was devoted to improvement

CHASE BANK LOAN HIGHEST IN 8 YEARS
Total of \$1,482,832,296
31 Top Since December
— Deposits Below 1934

Central Hanover Earnings Higher
Resources, Deposits Drop Slightly Below Previous Year's Level
Central Hanover Bank & Trust Co. first of the year

Bank of America Year-End Resources Pass \$6 Billion
Deposits and Loans Stand At All-Time Highs; Net Profits Up To \$5.51 a Share
SAN FRANCISCO, Calif. — Resources of the Bank of America, as of December 31, 1948, were \$6,072,913,000, an increase of \$27,096,000 over a year ago

United States Trust Co. Reports Rise of 23.52% in Net Income
Increased Trust and Agency Business Source of Improved Earnings in 1948
\$1,806,347. Stockholders Told

Guaranty Trust Earnings Higher
Loan Income Rises as Average Rate Moves Up 1.74 to 1.93 P. C.
Net operating earnings of Guaranty Trust Co. for 1948 amount to \$1,806,347

Central Hanover's Deposits, Holdings of U. S. Securities Lower

Philadelphia Banks List Assets, Loans, Deposits Above Year Ago
AMERICAN BANKERS ASSOCIATION
PHILADELPHIA, Pa. — Philadelphia banks reported gains in assets, loans and deposits for 1948 over 1947

BANKS IN CHICAGO SHOW PROFITS RISE
1948
First National, Harris Trust, American National, Among

York City Banks' Reports 1948 Mostly Show Net Equivalents Above Year Ago; Loan Volume High
GUARANTY TRUST CO. OF NEW YORK
indicated earnings for the first 11 months of 1948

A few of the many bank statement clippings recently collected and filed for reference by the library of the American Bankers Association

What Annual Bank Reports Show

JAMES W. WOOSTER, JR.

The author is investment consultant to The Commonwealth Fund, New York City, and is a frequent contributor to BANKING. He is the author of Bankers' Handbook of Bond Investment and is a member of the faculty of The Graduate School of Banking of the American Bankers Association.

THE factors which will bear most importantly on the direction of bank earnings in 1949 are taxes, reserve requirements, and loss experience on loans. Future developments in these three fields do not lend themselves to statistical determination or projection. However, if we assume no change in reserve requirements, and net losses on loans no greater than current transfers to reserves, then earnings trends for 1949 for banks as a group may be determined more by income tax developments than by any other single factor. With the outlook for some increase in corporate income taxes, individual bank management is faced with the necessity for intensifying its efforts (1) to serve the public's banking needs more completely and more efficiently than ever before, and (2) to charge for its services a selling price which is adequate to cover its costs, plus sufficient profit to attract new money to the banking business. Any

lesser results, over a period of time, can only weaken our banking system, to the detriment not only of the owners of bank shares but the general public as well.

Bank stockholders today are a more interested and better informed group than ever before. At many of the recently held annual meetings not only was attendance greater than usual, but the character of the discussion which followed presentation of the annual report was both more lively and more constructive than in previous years.

Two decades ago the annual stockholders' meeting for most banks was a dull and perfunctory affair. The number of stockholders attending in person was negligible, the amount of real information contained in the report submitted by the bank's management was minute. With the advent of the depression of the 1930s, accompanied by asset revaluations, reductions in surplus, and, finally, suspension of operations, bank shareholders demanded more information as to actual operating results than had been disclosed by a condensed statement of condition and a four or five-line summary of income and expense.

Some of this initial increase in stockholder interest was reflected in sharply critical comment and questions at stock-

holder meetings. In some instances stockholders' questions were not encouraged, but in most cases bank management came to see in this desire for fuller information on the part of the bank's owners an opportunity to gain stockholder understanding of the problems facing bank management and to bring about an improvement in the relations of the banking business with the general public.

With the passage of time, and with the greater availability of information on bank operations, stockholder interest has not only broadened, but the tenor of comments, questions, and criticism at stockholders' meetings has become more intelligent and more constructive. This still developing attitude of mutual confidence and respect between management and ownership, and the spirit of cooperation which it engenders, was an outstanding feature of many of the annual meetings held this January. It is a definitely favorable portent for the future of banking.

What Kind of Year was '48?

In this atmosphere of greater mutual understanding, what were some of the facts, figures, and forecasts which were presented and projected? The year 1948 has gone down as one of reasonably satisfactory operating results for most banks, at least in relation to their experience of the last few years; 1948 results, however, still left much to be desired from the standpoint of a sufficiently adequate return on capital funds to attract new and additional capital at a fair cost.

All bank earnings reports for 1948 are not available as this is being written, nor will they be for some further time, but enough have been published, and from sufficiently diverse types and sizes of banks, to make an analysis of such representative figures worthwhile.

A group of the larger New York City banks in 1948 had current operating earnings of \$273-million, an increase of \$12-million, or about $4\frac{1}{2}$ percent over 1947. This net increase was the result of a decrease of \$15-million or about 15 percent in income from securities, an increase of \$25-million, or 30 percent in income from loans and an increase of \$2-million, or 3 percent in all other operating income. The average rate of income earned by this group of banks on their securities was 1.45 percent, and the average rate earned on loans was 2.30 percent, compared with average rates of 1.40 percent and 2.15 percent respectively for 1947.

Canadian Service Charges Up

The Financial Post, Toronto, recently stated that, due to sharply rising costs, chartered banks are increasing some of their service charges. Increases have already gone into effect with some banks, it is understood, while other increases are pending. Cost of wages and salaries in 1947 was 21 percent above the level of 1946 and 67 percent above the 15-year average from 1933-47. The new charges are aimed mainly at enabling the banks to break even on their services, since the regular banking operations, such as lending and investment, are being looked to mainly for profits.

On the expense side of the ledger, the costs of doing business for this same group of New York City banks showed an increase of \$10-million, or about 6 percent, and in 1948 amounted to \$174-million. Net current earnings of these banks in 1948, before Federal and state income taxes and before transfers to reserve accounts, were \$99-million, an increase of \$2-million over 1947.

A larger group of banks of medium and small size, scattered throughout the country, made a somewhat better earnings showing in 1948 than did the larger New York City banks. Current operating earnings of this group of smaller banks showed an increase of 8 percent over 1947. Expenses increased 7 percent, and net current earnings rose by 9 percent.

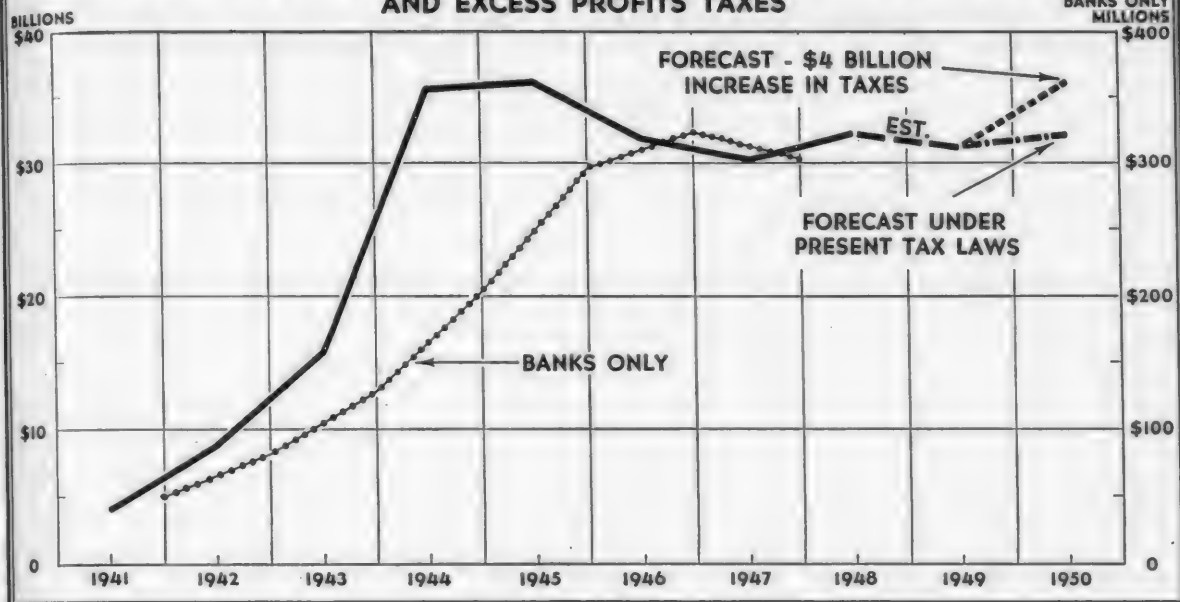
In view of the rising percentage of gross income which is required today by many companies engaged in manufacturing, transportation, and distribution to meet operating costs, it is interesting to analyze the control over such costs which banks have been able to maintain during these inflationary times of generally reduced profit margins and high break-even points. In 1948 the operating expenses before income taxes for the group of New York City banks discussed above amounted to about 64 percent of current operating earnings; and for a larger group of banks scattered over the country, for which 1948 figures are available, the "operating ratio" was just under 63 percent. In comparison, for all Federal Reserve member banks in the war year 1944, operating expenses before income taxes were 60 percent of current operating earnings; in 1939 they were 69 percent; in 1932, $73\frac{1}{2}$ percent; and in 1929, 70 percent. This is certainly strong evidence of excellent control over operating costs on the part of bank management and should be encouraging to bank stockholders. There are few important industries which, in company with banking, can point to a lower operating ratio in 1948 than in the years preceding World War II.

Earnings Assets Ratio

Another earnings yardstick which can be applied profitably is the amount of cushion represented by net current operating earnings expressed as a percentage of earning assets. For example, in 1948 for the group of New York City banks previously mentioned, operating expenses, before income taxes, were \$174-million. Income from trust departments, service charges, fees, and all other sources except interest income from loans and securities, was \$62-million. These banks, therefore, had to earn \$112-million in interest from loans and securities in order to meet out-of-pocket operating costs. Average earnings assets of this group for the year 1948 were \$11 $\frac{1}{2}$ -billion—\$112-million is .97 percent of \$11 $\frac{1}{2}$ -billion. Therefore, this group of New York City banks had to earn almost 1 percent on their loans and investments in order to keep out of the red. As noted previously, these banks actually did earn 1.45 percent on their security holdings and 2.30 percent on their loans, for an average of 1.85 percent on total loans and investments of \$11 $\frac{1}{2}$ -billion. The difference between the break even rate of .97 percent and the rate actually earned of 1.85 percent, or .88 percent, represents the amount by which the rate of income on loans and investments could decline before the bank would show an operating loss.

Smaller banks, and banks located outside of New York City, have, for the most part, higher income requirements from earning assets in order to break even than have the large metropolitan institutions. For the group of smaller

INCOME, ESTATE AND GIFT TAXES ON INDIVIDUAL AND CORPORATE INCOME AND EXCESS PROFITS TAXES



banks for which figures have become available, operating expenses in 1948 after deducting income from service charges, trust departments, etc., was equal to 1.26 percent of average loans and investments. The amount actually earned on loans and investments in 1948 for these banks was 2.32 percent, leaving a cushion 1.06 percent, somewhat higher than the cushion of .88 percent shown by the large New York City banks, despite the higher rate of earnings needed by these smaller banks (1.26 vs. .97 percent).

1939 by Comparison

In prewar 1939, by way of comparison, operating expenses were \$895-million for all member banks, whereas income from sources other than interest on loans and investments was \$291-million. The difference between these two items, or \$604-million, was equal to 1.80 percent of total loans and investments. The rate actually earned on loans and investments by all member banks in 1939 was 2.96 percent, leaving a cushion of 1.16 percent. This 1939 cushion was only slightly greater than the 1.06 percent cushion shown in 1948 by a representative, but by no means all-inclusive, group of banks located outside New York City.

The above figures indicate that, from an operating standpoint, and particularly from the standpoints of expense control and profit margins, banks as a group made an excellent showing in 1948—a showing which does not suffer in comparison with prewar years.

When 1948 bank profits are compared with capital accounts, the showing is less favorable. Income taxes are far greater than in prewar years; and transfers to reserve accounts, particularly reserves for possible future losses on loans, reduced reported earnings for 1948 in comparison with prior years. For the combined group of New York City and out of New York City banks whose reported earnings have been used as the basis for previous comparisons, 1948 net profits after all operating expenses, income taxes, and transfers to reserve accounts amounted to 6.5 percent of

capital accounts. Not all of these profits are, of course, available for distribution to stockholders as dividends, and this combined group of banks in 1948 paid out just about half of these profits as dividends. With dividends amounting to less than 3½ percent of capital accounts, it is not surprising that the stocks of these banks are selling at an average discount of about 25 percent from their book value. Bank profits will have to increase above their 1948 rate if bank shares are to sell at levels which will permit banks as a group to sell additional stock at reasonable prices, and so raise the added stock cushion which is desirable for the financing of current active business conditions.

1948 Will Be Hard To Equal

However, an analysis of the factors responsible for the 1948 rate of bank earnings indicates that banks as a group face a difficult job in 1949 in attempting to duplicate last year's results, let alone improve upon them. Total deposits do not seem likely to show any net gain of importance for the year, and may even show a modest decline. The rate of income earned on securities will probably be maintained at around its present level of 1½ percent, with the total size of the investment portfolio remaining near its present figure of just under \$55-billion for all member banks. The increase in the loan portfolio which has been the outstanding feature of bank statements during the past several years, and the chief factor in the maintenance of bank earnings, gives evidence of slowing down, if not actually reversing its trend. The rate of interest charged on loans, after several years of increase to its 1948 average, which appears to have been between 3½ percent and 4 percent for member banks as a whole, seems to have stabilized around that figure. With operating expenses under good control, no further advance of importance in costs seems probable in 1949. Any net change in the effect of these several earnings influences in 1949 will, therefore, doubtless be small in comparison with 1948.

The Wage-Hour Law in Banking

WILLIAM POWERS

The author is deputy manager of the American Bankers Association in charge of the Customer and Personnel Relations Department and is secretary of the Association's Committee on Service for War Veterans.

The brevity of this article precludes its answering questions that arise in numerous phases of the law's application. Such questions should be directed to the Customer and Personnel Relations Department of the A.B.A., and, if necessary, that department will refer them to the proper officials for authoritative answers.

THE Fair Labor Standards Act, commonly known as the Federal Wage and Hour Law, covers approximately 22 million workers—including nearly 300,000 in banking—engaged in commerce or in the production of goods for commerce.

While changes in wage-hour regulations, definitions, and interpretations

have been numerous during the past decade, there has been no amendment to the minimum wage, overtime pay, and child labor provisions of the basic law.

Undoubtedly the 81st Congress will make a number of revisions in the 1938 statute, so a review of the present situation—as it affects banking—should be of value in appraising proposed and enacted changes.

Coverage

The law and regulations, as they now stand, are held by the Wage-Hour Administrator to apply to all staff members—except executive, administrative, and professional employees—who are engaged in interstate commerce in commercial and savings banks and in trust institutions. The administrator also holds that such financial institutions are, generally speaking, all engaged in interstate commerce. Under

these interpretations, practically every bank, regardless of the number of people on the pay roll, is subject to the provisions of the act.

Exemptions

The overtime requirements of the act do not apply to bank staff members who meet the qualifications set up for executive, administrative, or professional employees.

To qualify for exemption as an executive, the employee must meet all of the following:

(1) He must manage an establishment or a recognized department.

(2) And must customarily and regularly direct the work of other employees therein; must customarily and regularly exercise discretionary powers; must have authority to hire or fire or make suggestions and recommendations which will be given particular weight, as to the hiring, firing, ad-

Below, left, Elmer F. Andrews (at left) taking the oath of office as the first Wage-Hour Administrator in August 1938. Administering the oath is the Labor Department's then Chief Clerk Gompers. Below, right, William R. McComb, the present Wage-Hour Administrator as he appeared before a congressional committee



vancement, and promotion of the subordinate employees.

(3) And must not perform nonexempt work (work of the same nature as that performed by nonexempt employees) more than 20 percent of the number of hours worked in the work-week by the nonexempt employees under his direction, except where the employee is in sole charge of an independent establishment or a physically separated branch of an establishment.

(4) And must receive minimum pay of \$30 a week, on a salary basis. (This minimum pay may soon be increased considerably.)

To qualify for exemption as an administrative employee, a bank staff member must meet *three* of the following—the first and the third and one of the alternatives in the second:

(1) He must perform no manual labor. (Operation of office equipment, such as bookkeeping and accounting machines, is not ordinarily classed as "manual labor.")

(2) And must regularly and directly assist (in work that requires exercise of discretion and independent judgment) an employee employed in a bona fide executive or administrative capacity; or he must exercise discretion and independent judgment under only general supervision directly related to management policies.

(3) And must receive minimum pay

Most Common Violations

ACCORDING to Mr. McComb's annual report just submitted to Congress covering the 12 months ending June 30, 1948, 958 banks and trust companies were inspected under the Wage and Hour Act.

Failure to make proper payment for overtime work was found to be the most common type of violation. Most of the back wages were allotted to employees for this reason. Part of the back wages, however, were owed because some employees were not paid the 40 cents an hour minimum wage required under the law. Some violations of the child labor provisions were also disclosed.

Altogether a total of \$170,763 is owed by bank employers to 5,437 employees.

The report recommended amending the Act to provide for an increase of the statutory minimum wage provided by the Fair Labor Standards Act to 75 cents an hour. It also urged a clarification of unsolved overtime pay problems.

Department								
Week Beginning	Time Beginning Work	Lunch		Supper		Time Finished Work	Daily Time	
		Out	In	Out	In		Hours	Minutes
Monday								
Tuesday								
Wednesday								
Thursday								
Friday								
Saturday								
Employee's Signature _____							Total for week:	
(See reverse side for instructions)								

The Wage-Hour Administrator carefully avoids "recommending" any specific form for a time record, but the one illustrated above is simple and has been used satisfactorily in many banks. A convenient width is 6 inches.

of \$200 a month or \$50 a week on a salary or fee basis. (This minimum salary may soon be increased considerably.)

To qualify for exemption as a professional employee, the staff member must meet *all* of the following:

(1) He must be engaged in work that is predominantly intellectual.

(2) And his work must be such that it cannot be standardized.

(3) And his work must require a knowledge of an advanced type customarily acquired by a prolonged course of specialized intellectual instruction and study.

(4) And he must stay within the weekly 20 percent limit on hours allowable for nonexempt work.

(5) And he must consistently exercise discretion and judgment.

(6) And he must receive a minimum of \$200 a month or \$50 a week on a salary or fee basis.

Maintenance Workers

Another group of employees—elevator operators, watchmen, porters, janitors, and other maintenance people working in an office building operated by a bank—may be exempt from the act's overtime provisions on the grounds that they, individually, may not be "engaged in commerce." If, however, more than 20 percent of the office space in the building is occupied by tenants who are engaged in the production of goods for commerce, then the maintenance workers are covered by the Wage-Hour Act. From November 1943 until June 1948, the Wage-Hour Ad-

ministrator followed the policy of not including building space occupied by the bank in his computation of the "20 percent." Following the passage of the Portal-to-Portal Act, this policy was rescinded and, to date, has not been formally reinstated. Incidentally, if any of the building elevator operators, watchmen, or maintenance people work part of their time as bank messengers or clerks, they are definitely covered by the act.

Violations

Wage-hour inspectors, in their examinations of hundreds of banks, report a great many "violations" based on erroneous classification of exempt employees. Tellers, in particular, are frequently classified by the bank as administrative employees, and inspectors claim that in the majority of such cases the tellers do not meet *all* of the necessary qualification requirements.

Much of the misunderstanding about the status of tellers is based on the Stein Report of 1940, covering hearings on the question of administrative exemptions. In that report the presiding officer mentioned bank tellers as typical of employees who might be exempted under this classification. In 1943, however, the Wage-Hour Administrator stated that his policy was to consider administrative exemption applicable only to bank tellers who "habitually establish procedures and assist in the determination of policies which must be followed by all the employees of the em-

(CONTINUED ON PAGE 139)

The 1949 Advertising Plans

Checking and Savings Deposits

JOHN B. MACK, JR.

Mr. MACK is deputy manager of the American Bankers Association, manager of its Advertising Department, and director of its Public Relations Council.

BANK advertising is on the march! There are signs which clearly indicate that banks are determined to use the vast, potential power of the printed and spoken word to help tell their story and sell their services.

Bank interest in advertising is higher than ever before. In the fourth annual American Bankers Association advertising survey conducted since the end of the war, 3,568 commercial banks have given us their plans and thinking for 1949. This represents an increase of over 40 percent in the number of banks participating in former surveys. It is almost exactly 25 percent of the 14,100 commercial bank head offices from which we requested information.

Banks will spend more for advertising in 1949 than ever before. Our estimate of total expenditure by all commercial banks in the United States for 1948, the largest previous year, was \$32-million. In 1949, based on this current study, we estimate that commercial banks in this country will spend a total of \$40-million for advertising purposes, excluding salaries and overhead. This is an increase of 25 percent in one year.

1949 ADVERTISING EXPENDITURES OF
3,568 COMMERCIAL BANKS IN U. S.

Deposits	Number of banks in U. S.	Number of questionnaires returned	1949 average expenditure (for banks listing same)	Comparison		
				1948	1947	1946
Under \$1-Million	2,700	375	\$450	\$385	\$285	\$266
\$1- to \$5 Million	8,100	1,873	\$1,050	\$900	\$760	\$698
\$5- to \$10 Million	1,750	650	\$2,500	\$2,265	\$160	\$1,780
\$10- to \$25 Million	968	402	\$5,540	\$4,765	\$5,030	\$4,383
\$25- to \$75 Million	417	174	\$15,854	\$12,835	\$15,390	\$23,954
Over \$75 Million	234	94	\$55,400	\$64,120	\$62,750	

Bankers believe, with surprising unanimity, that the big problem of the day is to get people to put some of their money away for the future. They foresee the day when dollars will not be so plentiful as they are now, and they realize that want and hardship may once again stalk through our land. As the financial counselor of the individual, the family and the community, the banker is keenly aware of his responsibility to encourage sound money management, sensible spending, and regular saving. And in the magic of advertising he sees the means by which he can multiply his words of warning and advice by thousands, and so reach the minds of people far and wide throughout his area.

Again and again in this study—well over a thousand times—bankers said, in effect: "We must use the power of advertising to urge people to save their money and prepare for the future." It is interesting to observe, in this connection, that bank advertising has made its most notable forward strides in supporting public service programs, rather than in selling the banks' own services. Examples of such public service themes in bank advertising have been defense loans, the food for freedom program, War and Savings Bonds, and now, in a broad sense, provision for the future.

Banks Will Spend More in 1949

The increase of 25 percent, or \$8-million, in total commercial bank advertising during 1949, is the reflection of increased spending by all sizes of banks except the very largest. Only in the group of banks classified as "over \$75-million deposits," representing 234 banks of this size in the U. S., is there a significant drop in planned expenditures for 1949. A total of 94 replies from this top group shows an average expenditure of \$55,400, which compares with an average of \$64,120 for 1948. It is dangerous to generalize about these very large banks, however. It is possible that the addition of a few budgets of several banks that did not report their planned expenditures would pull this average up substantially.

Three-fourths of all commercial banks are under \$5-million deposit size. Forward progress in terms of advertising expenditures are not sensational in this numerically great group. But the gains are steady, and thus heartening. We received 375 returns from banks under \$1-million in deposit size. Average expenditure in these smallest country banks will be \$450. Here is the forward progress in this group:

1946	\$266 average
1947	\$285 average
1948	\$385 average
1949	\$450 average

In the \$1- to \$5-million classification, a group made up almost entirely of country banks, we received a total of 1,873 returns. This substantial group reports an average 1949 expenditure of \$1,050. Here is how this figure compares with previous years:

of 3,568 Commercial Banks

Will Be Heavily Emphasized

1946	\$698 average
1947	\$760 average
1948	\$900 average
1949	\$1,050 average

Middle-size banks, from \$5- to \$75-million in size, all showed increases in average expenditures, group by group. For maximum value to you in comparing your own expenditures with other banks of your size, we have broken down the banks of the country into a number of deposit groups. For this detailed information, write to the A.B.A. Advertising Department. The accompanying table on expenditures shows the average 1949 advertising outlay for each of six larger groups.

Common sense should, of course, govern your use of these average figures. In each classification the range of expenditures is wide, varying, in the entire study, from \$25 to \$500,000. The "under \$1-million" group, with an average of \$450, has a range from \$25 to \$10,000. Obviously an average should not be your guide in fixing your own expenditure. The nature of your bank, your community, your plans, your competition—these are much more important factors than the averages.

What Services Will Banks Advertise?

These annual advertising studies of the A.B.A. serve a valuable purpose in showing in advance where banks will concentrate their advertising fire during the year. This information is obtained in two ways. One is by obtaining a list of services and themes that will be given *some* advertising attention. The other is by arranging these services in the order of emphasis that they will receive.

But there is another important thing we must know. A bank might plan to advertise only auto loans, checking accounts, and savings accounts. That is an interesting fact. But the bank might also plan to devote nearly all of its attention to checking accounts, with moderate mention of savings, and only token mention of auto loans. Unless we know the order of emphasis in which banks plan to advertise their services, our information is not complete.

Accordingly, here is the list of commercial banking services that will receive some attention in 1949, arranged according to number of times mentioned by individual banks. Trust services have been intentionally deleted from the list because a separate trust survey is now being conducted.

SERVICES TO BE FEATURED IN 1949

(1) Regular checking	2,994 banks
(2) Savings accounts	2,435 banks
(3) Auto loans	1,911 banks
(4) Banking by mail	1,813 banks
(5) Personal loans	1,605 banks
(6) Mortgage loans	1,494 banks
(7) Safe deposit	1,425 banks
(8) Business loans	1,375 banks
(9) Farm production loans	1,257 banks

(10) Farm equipment loans	1,249 banks
(11) Home repair loans	1,215 banks
(12) Special checking accounts	1,008 banks
(13) Home appliance loans	911 banks
(14) Institutional	764 banks
(15) Educational	474 banks
(16) Veteran loans	208 banks

Other subjects mentioned by fewer than 200 banks each are: Insurance, Christmas Club, drive-in teller service, live stock loans, night depository, Savings Bonds, foreign banking services, and bank money orders.

Deposits Will Be Emphasized

In 1949, checking and savings deposit services will be heavily emphasized by America's banks. This is a continuation and intensification of a trend started in 1947.

In the first year after the war, 1946, loan advertising was far out in front. Of the first 10 services in order of emphasis that year, the first eight were loan services. Checking accounts came along in eighth place, and savings ran a poor tenth. A year later the deposit services began their upward climb. While in 1947 loans were still in front, checking accounts climbed from eighth to fifth, and savings from 10th to eighth. Auto loans, mortgage loans and personal loans continued in 1-2-3 order during those two years.

The economic pendulum was swinging, however, and
(CONTINUED ON PAGE 108)

1949 EMPHASIS CHART

1949 Order of Emphasis	Total Mentions	Position in 1948	Position in 1947	Position in 1946
1. Regular check	2,275	1	5	8
2. Savings	2,119	2	8	10
3. Auto loans	908	3	1	1
4. Farm production	782	6	4	4
5. Mortgage loans	736	4	2	2
6. Farm equipment	500	7	—	—
7. Bank-by-mail	443	13	15	13
8. Special check	425	12	10	11
9. Personal loans	417	5	3	3
10. Business loans	386	9	7	7
11. Repair loans	328	8	9	6
12. Institutional	311	11	12	12
13. Safe deposit	258	14	16	15
14. Home appliance	170	10	6	5
15. Educational	151	16	14	14
16. Life Insurance loans	113	17	13	9
17. Veteran loans	73	15	11	16

NOTE: Various trust services were prominently mentioned, but are omitted here because a special trust survey is now being made.

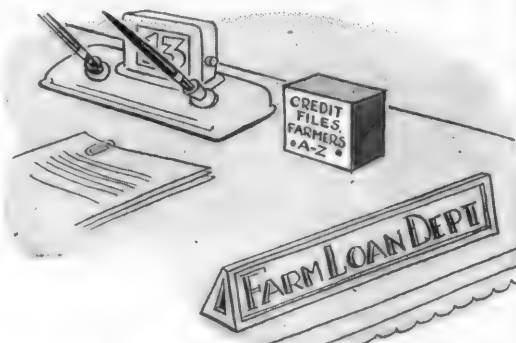
Pitfalls in Agricultural Lending



The large share of financial common sense with which the country banker is normally endowed is, fortunately, sufficient protection against the many pitfalls that beset him. Making farm loans without amortization or without a repayment plan is one example, and there are many more, a few of which **BANKING** illustrates here, with the advice and reluctant consent of A. G. BROWN, A.B.A. deputy manager in charge of the Agricultural Commission. The drawings are by **DICK ERICSON**.



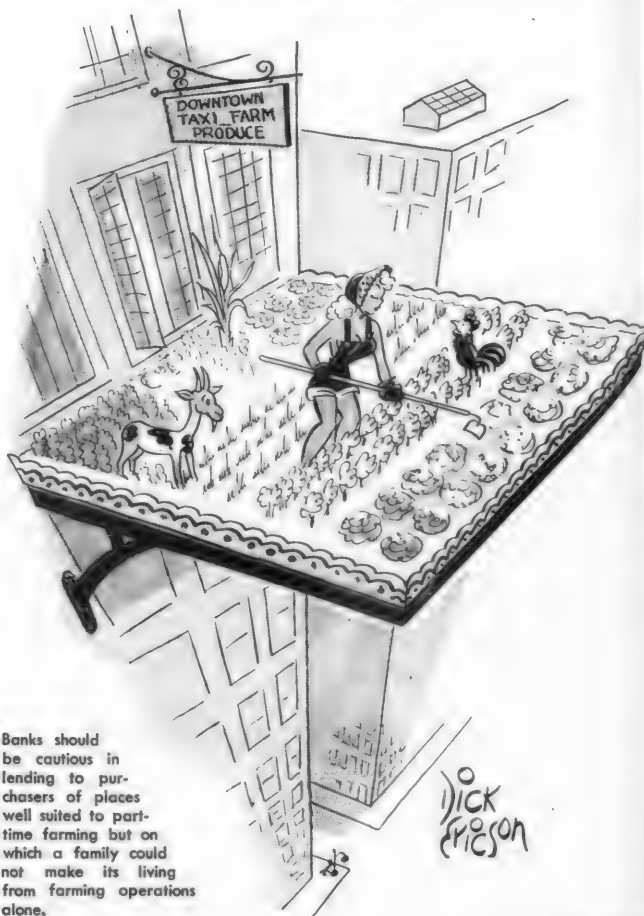
Every country bank should have someone on its staff fairly familiar with the problems of agriculture.



Don't make loans without adequate information. Keep a credit file for each borrower.



Beware of loans on farm-stored commodities in cases where there are inadequate storage facilities.



Banks should be cautious in lending to purchasers of places well suited to part-time farming but on which a family could not make its living from farming operations alone.

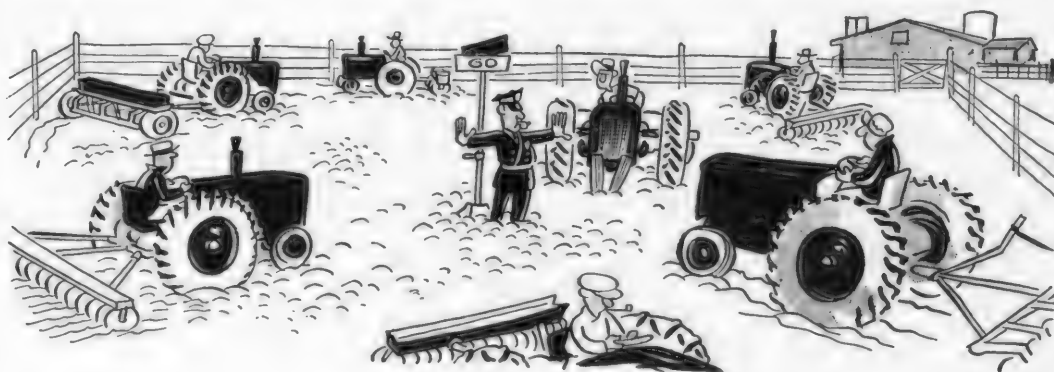
DICK ERICSON



Don't lend to farmers who do not follow sound soil conservation practices.



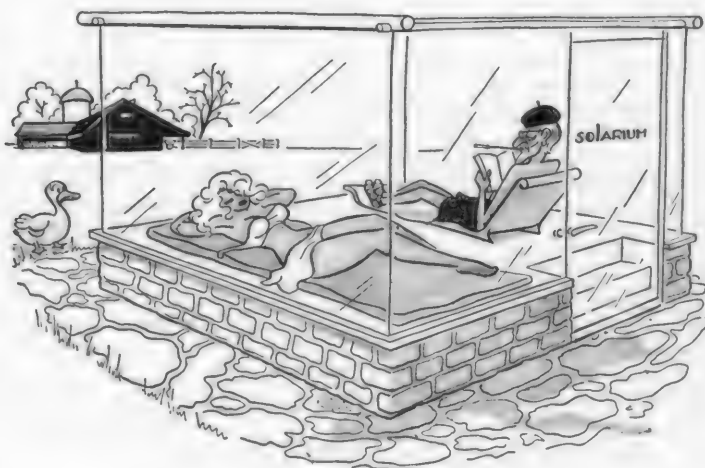
Be careful of financing a farmer in a region where crops are hazardous—such as fruit in regions subject to heavy frosts.



Country banks should be cautious in making loans to farmers for the purchase of more farm machinery than they might need to operate their farms.



Banks should be cautious about lending for purchases of land or livestock at inflated prices, and lending on high farm commodity prices. Especial care should be exercised in the case of GI loans where the Government guaranty may make a loan overly tempting, even though it is not in the borrower's best interest.



There's no sense in lending for the construction of buildings that do not contribute to income, or are not desirable for a particular type of farm.

A British Reporter Drops in To See

What Makes the U. S. Tick

DENNIS BARDENS

The author is a British journalist who has been investigating production methods in this country for the magazine John Bull. To gather his material he has interviewed many leading industrialists and bankers, visited numerous factories and had discussions with union leaders and sociologists.

THE first time an American barber charged me a dollar for a haircut I realized that the inflation in America is a real thing. In Britain it still costs only 30 cents. This increase in cost is, as every U. S. citizen knows, extended to almost every other item necessary to the business of living. Money, most people will tell you, doesn't go far enough. Everything that money can buy is at hand—if you have that much.

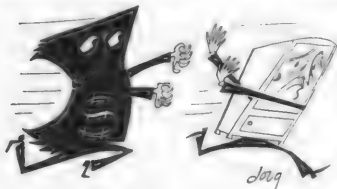
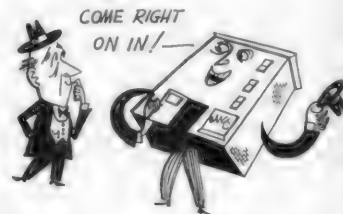
This complaint is depressingly familiar. It is common to all European countries. Sir Stafford Cripps' famous aphorism about "too much money chasing too few goods" can be applied

were automatically committed to a program of continued austerity and an export drive. A scarcity of civilian goods, and fierce competition to obtain them, whatever the price, was inevitable—hence the high taxation as a curb to spending, the campaign to increase saving and the rationing of commodities which would otherwise go to the highest bidder. But in other respects a comparison may be drawn. Whatever the reasons, there is in both countries too much money chasing too few goods.

To what extent has banking policy in the U. S. contributed to the present inflation, and what role is it now playing in curbing it? These are interesting questions, and I have not been able to ignore them, because primarily I have been investigating American production methods—the system of free enterprise by which she has achieved, and achieves still, the most spectacular output in history and in the world today.

For all your difficulties, you still have the highest standard of living in the world. You produce almost as much cement as the rest of the world combined. Your output of automobiles last August (1948) was 10 times that of the United Kingdom. Intensive production is an American ideal, and a sound one; the prodigious obligations of the Marshall Plan are dependent on it. And this tremendous mass-production has been made possible, as everyone knows, by an elastic lending policy.

It has always been easier to raise
(CONTINUED ON PAGE 136)



to almost every country in the world. Even countries like Sweden, which have not been involved in war and have smaller populations to support, are afflicted by it. In the U. S., however, a superficial observer might conclude that there is overproduction, and he could find, at every street corner, warehouses bulging with goods of every conceivable type. But this, one soon discovers, is not overproduction. Many of these goods have increased so much in price that they are beyond the means of the would-be consumer.

Naturally, I wouldn't draw any direct analogy between your inflation and ours. In Britain we virtually suspended civilian production for six years; we spent our foreign assets on the war and

The Kiss of Death

(From WINSTON CHURCHILL's speech against the bill to socialize the British steel industry)

There was that great day—I may remind the Prime Minister of it—at the time of Dunkirk, when the House of Commons, with a Tory majority of 150 over all other parties combined, laid on the altar of national safety and victory all private rights, privileges, interests, and powers, and confided to the Executive, in a single Parliamentary day, the entire control and disposition of the rights and privileges of every family in the land. It is a base and melancholy sequel to such an episode as I have described that sacrifices so readily offered and made by a Conservative Parliament should be exploited in peacetime in the sectional interests of Socialist factionaries anxious to prolong their enjoyment of the sweets of office and have more patronage to distribute to their backers and friends.

How will the Minister, or his successor, treat the minor industries, or the spiv industries as he will probably soon be calling them in the jargon of Socialism, if they become inconvenient as rivals? The Minister has spoken about them in honeyed terms. But who is so gullible as to believe that a Socialist industrial commissar—that is what they are creating—will tolerate any competition by inconvenient rivals? He has them at his mercy. By a stroke of the pen he can deprive them of the raw material by which they live; he can threaten and coerce them to any extent. Very great pressure can be applied or threatened. His kind remarks of yesterday are about as refreshing to the minor firms as the kiss of death.

Of the difference between socialism and communism I said a good many years ago that a strong dose either of socialism or communism would kill Britannia stone dead, and at the inquest the only question for the jury would be:

Did she fall or was she pushed?

This is not a bill, it is a plot.

It is not a plan to increase production but rather in effect at any rate an operation in restraint of trade.

It is not a plan to help our patient, struggling people but a burglar's jimmy to crack the capitalist crib.

A Break for Payers of Estate Taxes

EARL S. MACNEILL

The author, an authority on estate planning, is vice-president of the Irving Trust Company, New York.

THERE was one short phrase which attracted scant attention in the first commentaries on the Revenue Act of 1948 that came on the heels of that epochal legislation; but, as weeks passed, the anxiety of thoughtful lawyers centered on this phrase and discussion of it mounted, until finally the single leaf of "all the income" appeared likely to obscure the forest.

It occurs in Section 812 (e) (1) (F) of the Internal Revenue Code, in which (in the curious style of tax law draftsmen, where everything is written backwards) the requirements of a "marital deduction trust" are stated. Briefly and non-technically: up to half of an estate, after debts and administration expenses and other specified deductions, may be left in trust for a wife or husband, and if the wife (assuming it is the husband who dies) has the power to dispose of the principal of the trust, either during lifetime or by instrument effective upon her death, and if the wife is "entitled for life to all the income from the corpus of the trust, payable annually or at more frequent intervals," then the up-to-half so set apart in trust is deducted from the deceased husband's taxable estate. Sounds simple enough, but—

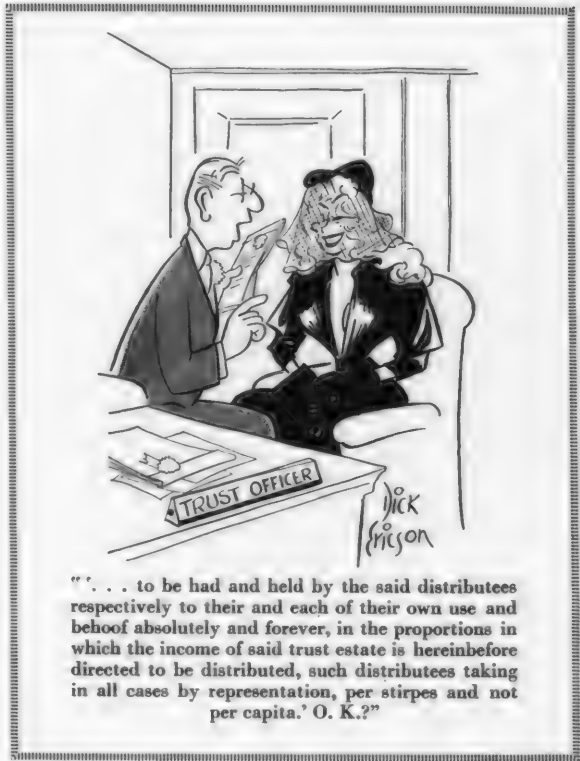
What is meant by "all the income"?

Does it mean that trustees' commissions cannot be deducted from income? Or other expenses necessarily incurred in the management of investments which are customarily charged against income? If the will directs that premiums on the purchase of bonds shall be amortized out of income, does that disqualify the trust? Can a trustee safely be given the power to determine whether stock dividends or extraordinary cash dividends are income or principal?

Looking to the Senate Finance Committee report for guidance, one became even more confused on reading: "The term 'income' is used here in the same sense as it is used in section 162 of the Code relating to income of estates and trusts." This seemingly required the inclusion of capital gains as income that must be distributed in order to qualify a trust for the marital deduction.

No wonder that many prudent lawyers said to tax-conscious husbands: "Stay away from trusts . . . make *outright* bequests to your wife if you wish to be sure of the marital deduction. If you fear the wasteful consequences of outright gifts, then forget about the deduction!"

On November 6, 1948, the first official regulations on the new act were published, but only in tentative form. A period was set for public study and reaction. With some revisions, undoubtedly, the definitive regulations will soon be issued. Since change is more likely to be on the liberal than the restrictive side, it seems safe to send up cheers for the common sense and spirit of fairness that characterizes the Treasury's draft. This should be countered by equally fair play on the part of taxpayers.



On the score of "what is all the income" there is an obvious leaning backward—a groping, actually, for words to make it clear that no disturbance is intended of established principles of the law of trusts. Stock dividends and the like may be allocated to principal. The trustee can be given broad powers, including the right to allocate receipts between income and principal. Gains from sales of trust property can continue to be treated as principal as they have been from time immemorial. No worry about amortization of bond premiums or the payment of commissions or management expenses out of income. Even protective "spendthrift" clauses may be included, which seek to forestall the claims of assignees and creditors.

Also, the will may direct that unproductive property be retained for a reasonable time—but hereon is due a caution.

At a forum held in December under the auspices of the Practising Law Institute in New York, at which nearly a thousand lawyers were gathered to listen to—and question—outstanding tax lawyers, including draftsmen of the regulations who generously contributed their talents to the occasion, there was spirited discussion of the problems presented by unproductive property.

(CONTINUED ON PAGE 132)



Left, a women's dress shop which would be a credit to any Main Street. Right, a drug store which has adapted standard symbols that are nationally known to the local building style in Oglesby

Oglesby's Permanent

EDWARD HAND



"A New Face for Oglesby" was the title of an article in the February 1946 issue of BANKING, describing the Main Street beautifying program being conducted in Oglesby, Illinois. Now, three years later, the story is brought up

to date in the following paragraphs written for BANKING by EDWARD HAND, city clerk, director of the First National Bank of Oglesby and member of the local Booster Club.

This Main Street improvement program in Oglesby, where the 1940 population was 3,938, was begun nine years ago. It is a joint project of the First National Bank and the Booster Club, both of which were determined, according to our earlier article, "that every commercial front in Oglesby will be modernized, no matter how long it takes to do the job." That article was illustrated with some of the "jerry-built horrors" (another is shown above, left) which detracted from Oglesby's appearance and business potentialities. On these pages are some of the new fronts and new buildings which have greatly increased retail trade, as Mr. HAND explains below.

As an outgrowth of the store-front modernization program in Oglesby, the First National Bank has created \$54,000 in new business for itself. This sum was borrowed at the bank by owners in order to carry out the program both of new construction and of face lifting.

The most surprising aspect of the program, now in its

second year, is its contagion. Merchants who thought a front of 1928 design was good enough changed their minds quickly after the 1948 versions, some of which are shown here, appeared.

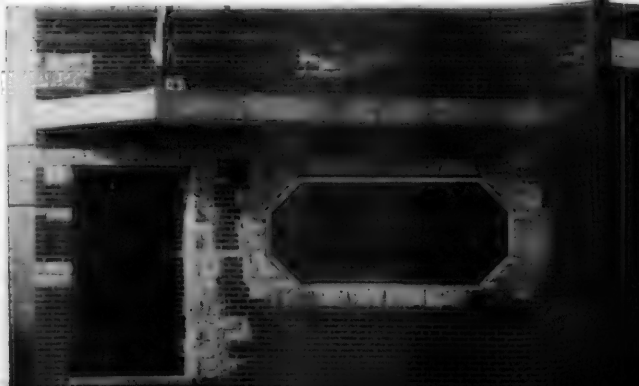
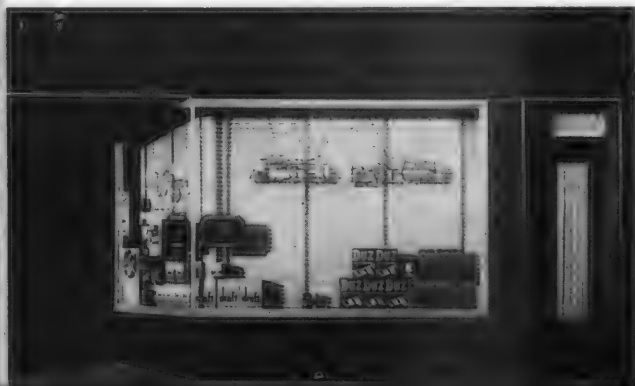
Without exception, Oglesby merchants who spent money on their commercial structures report a sharp upswing in volume of business transacted. Oglesby is in a highly competitive shopping area, with many of its residents going to two larger cities, four and six miles away, on buses which maintain a schedule sufficiently attractive to lure a lot of retail trade out of the city.

How a New Store Came to Town

Oglesby never before had a chain or dime store. When the De Filippis (James and Clara) were constructing their double business building, which houses their Personality Frock Shoppe, they looked around for a new tenant that would concentrate traffic near their door. E. M. Johnston, an employee of Butler Brothers (Ben Franklin stores) came to town, agreed to a long term lease, installed his own furnishings and fixtures, lighting, and other equipment, and opened for business.

As dime stores go, you'll travel many a mile to find this one's equal in lightness, brightness and array of merchandise. Mr. Johnston not only became an Oglesby businessman but he has built a new home in Oglesby, one of the 101 erected here since VJ-Day, 1945. In other words, 10 percent of the total Oglesby homes are less than three years old. None of

A grocery and meat market, left, and right, a tavern





Left, a new front, and, right, a new building

these homes has been subsidized nor were any Federal funds advanced for any of them.

The new building fronts pictured are only the start, now that the movement is gaining speed. There are at least as many more which should materialize in another two years.

How has the bank gained besides the direct loans made for construction and remodeling?

The dime store is a new bank customer and so is the jewelry store. So is the cleaning establishment. There is a new electric and gift shop which became a user of the bank's facilities. And the barber shop and hat cleaning establishment are new businesses. So also is Ryan's Census Club.

Other Expenditures On a Still Larger Scale

The telephone utility, mentioned in the February 1946 article in *BANKING*, is currently spending \$125,000 to give us a dial system and a new control building. The new factory addition, for which \$175,000 in bonds was sold in the Oglesby community is complete and in use. We are renewing our efforts at the current legislative session to have the state of Illinois construct a new, southeast highway.

The municipal government, still debt-free, has invested \$150,000 in two major pavements of concrete, 20,000 lineal feet of curb and gutter and a new deep (2,800-foot) water well to supply an expanding population and industrial growth.

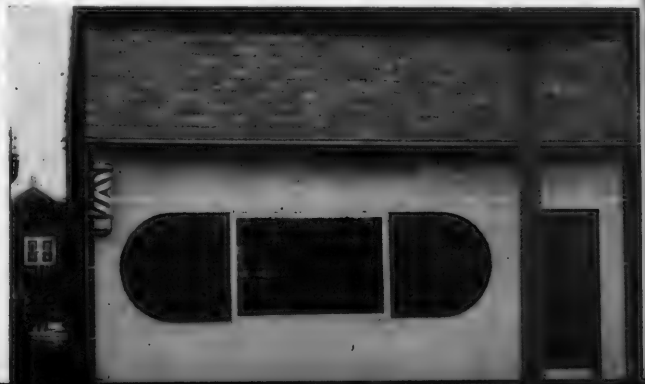
Most important consequence of the store-front modernization program to the entire community is the impetus given retail trade in Oglesby. New trade is coming to the city and more of our own shoppers are trading locally. That is of major importance in a city whose retailers must fight eternally for their share of business.

Below, a cleaning establishment with a front of Minnesota stone



Above, the town's first chain variety store, a new building

Left, the town's newest financial institution. Right, a tavern in a remodeled building





The Tupper Lake (New York) National Bank and Main Street. The pictures were taken by John B. Goff, a director of the bank

The Bank Went Visiting

JOHN L. COOLEY

THE conversation with the banker from Tupper Lake, New York, had covered the winter sports business in his Adirondack Mountain country, the whereabouts of a top secret trout stream, last fall's deer hunting, and the state of the nation. From the latter topic it easily slid into banking.

"Have you heard," the banker asked, "about our new business campaign—how we canvassed every house in town for loans, checking accounts, savings, and the rest?"

Did he mean that the bank rang doorbells?

"Just that," replied Clarence S. Potvin, cashier of The Tupper Lake National.

So . . . the bank went visiting?

"Sure, we went visiting," agreed Mr. Potvin. "It was like this: Last autumn our president, Ralph Hastings, and myself agreed that there was a lot of business to be had almost for the asking—certainly for a little work. . . . By the way, have you ever been in Tupper Lake?"

Yes, some time ago. A little North Country town on the Adirondack Division of the New York Central, favored by nature and tourists, and . . .

"And up and coming," prompted Mr. Potvin. "We have a big veterans' hospital and a prosperous lumber industry. Population, about 5,000. Say 1,000 families.

"Well, we took a map of the village, blocked it out into convenient chunks, and decided that we were going to call

on every one of those families. We wouldn't do the visiting ourselves, but we figured we knew someone who would—a personable young lady who'd lived in Tupper Lake all her life and who used to be a canvasser for one of the big life insurance companies. She was acquainted with everybody in the village; also she knew how to meet people.

"So we told her what we had in mind and she said, sure, she'd go after new business for the bank.

"The next step was to list the families. We planned to cover it by sections, according to the map, and to ask every one of them if there wasn't some financial service we had which it could use.

"Then we fixed up a letter to be sent to each household in advance of the young lady's (her name is Eva Dumoulin) visit."

FROM his coat pocket Banker Potvin produced a paper. "Here's a copy," he said. This is the letter:

"Dear Friend: May we come in, and bring you friendly greetings from your local bank? You have known us for a long time and we want you to feel free to come and visit us, and use the many banking services we have to offer. We are proud to say that we have a good bank, and that we are anxious to serve you with all or any of our modern facilities in a courteous and friendly manner.

"So that you can know more about our services, we have engaged Miss Eva Dumoulin to represent us in making a

friendly call and to explain the various ways in which you may use our facilities. You may rest assured that her interview will be confidential and will be treated with the utmost secrecy in the traditional banking ethics.

"We are anxious to serve all of the people of Tupper Lake, believing that by banking at home it will benefit everyone in the community, by developing banking resources that will be used for constructive purposes in a growing community.

"In anticipation of our representative's visit you may check some of the following services that you may be interested in:

"Savings Account—\$1.00 starts an account.

"Personal Checking Account—Pay by check instead of buying money orders.

"Christmas Club—A fine way to save money for Christmas shopping or other fixed requirements.

"Safe Deposit Box—Only \$3.00 per year to assure a safe place to keep your valuables.

"Personal Loans—Easy monthly payments will provide funds at reasonable rates to meet emergencies.

"Loans—To finance automobiles, repairs to home, refrigerators, washing machines, furniture, etc.

"Loans—To refinance loans made on insurance policies at 3 percent instead of 6 percent.

"We are ready to serve you. Won't you give us an opportunity.

"Thank you for reading this letter and the hospitality we are certain you will give to our representative."

"When the letter had been out a few days," continued Mr. Potvin, "Miss Dumoulin began her calls. She'd go to a house, ring the bell, introduce herself as the lady the bank had mentioned in its letter, and explain that this was a friendly call from The Tupper Lake National. She'd ask a number of questions, such as: Did the parents have savings accounts for the children? Did they know about Christmas Club? Wouldn't they find a checking account useful?"

"Maybe the small children would be listening to the conversation. 'Are you putting anything aside for Mary's and Johnnie's futures?' Eva would ask. Or perhaps she'd heard that the family was thinking about a new car. In that case she'd suggest financing it through the

bank. And she usually got a chance to remind the folks that valuable papers, like the deed and insurance policies, should be kept in a safe deposit box.

"The interviews were friendly and informal. After each one Eva would jot down on a blank we'd provided the information that had been obtained: Whether the family owned its home, how many of the members were working and where, whether it had a savings or checking account, a Christmas Club membership or a safe deposit box, and whether it had borrowed money.

Of course this was highly confidential information, but our advance letter had told people it would be kept that way and they were willing to talk.

"A little later the bank sent each family a follow-up letter soliciting business.

"Did it work? Of course it worked! Many of the boxes in our vault, empty when the campaign started, now have tenants. We've obtained a substantial number of checking accounts, especially the smaller kind which we sell on the basis of 12 checks for a dollar.

"Also, there have been definite results in our loan department. We've made auto loans that had formerly gone to finance companies, and we've expanded our personal credit department by providing a real service to people who needed funds to consolidate old debts, pay doctors' bills, educate the young people, etc.

"But above all," said Mr. Potvin, "we believe that the personal call at every house, offering greetings and helpful services, has been most beneficial.

"Everybody knows us now!"

Bank Displays That Move

ANIMATED floor displays circulated among the 22 offices of the UNION TRUST COMPANY OF MARYLAND, Baltimore, are catching new business.

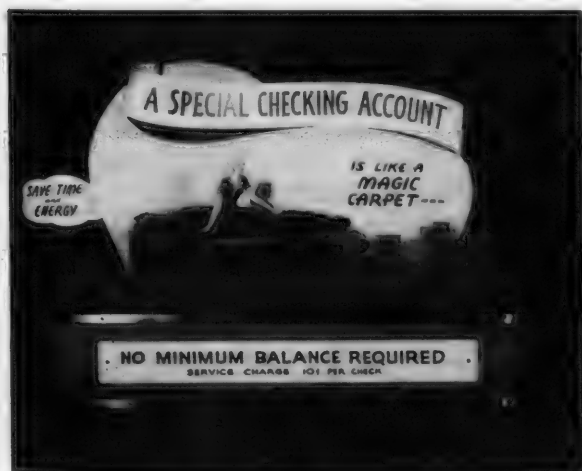
The idea originated with Vice-president Kenneth A. Bourne three years ago, and has grown from a lone model into 22 lively salesmen. These bright, interesting, eye-stopping boosters of banking service move from branch to branch. Staying a month at each, they provide the "point of purchase" selling technique that prompts customers to act, reports the bank's advertising manager, Alfred H. Carter.

Simply constructed in dust-proof, lighted aluminum cases, the displays weigh less than 35 pounds and are small enough to fit into the back seat of a passenger car for their journeys around the city. On the principle that action attracts the eye, the center of interest in each display moves.

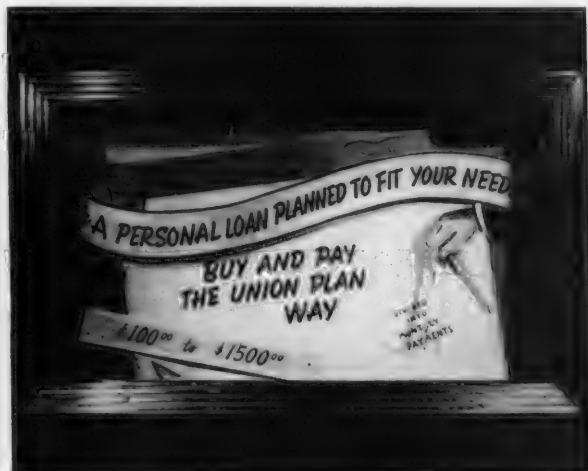
Subject matter covers the major banking services, with particular emphasis, says Mr. Carter, on personal loans, special checking accounts, and home repair loans, although the trust, foreign, and safe deposit departments are included, too.

The personal loan display features a drafting board, a T-square, and a hand that moves a pair of dividers in a circular motion over the legend "Divided Into Monthly Payments." In another a blonde young lady (cardboard, of course) rides the moving magic carpet, special checking service. Home repair loans, under the label "Delayed Repairs Become Big Losses," are dramatized by means of a dilapidated house that bobs up in a cutout, only to be replaced five seconds later by the same house properly reconditioned.

(CONTINUED ON PAGE 100)



The special checking account display is a compact unit, ready to fit snugly into its case at moving time. The young lady rides back and forth on her magic carpet, selling "no minimum balance" accounts during banking hours



The personal loan department gets a lift from this animated representation of a draftsman's tools. The dividers move backward and forward to point out the fact that these days the banks have a divided loan payment plan



President Truman in a budget discussion with, at extreme left, Secretary of the Treasury Snyder, and, at the President's immediate left, the then Budget Director James E. Webb and, at extreme right, the then assistant director of the Budget Bureau, Frank Pace. When Dean Acheson became Secretary of State late in January, Mr. Webb became Under Secretary and Mr. Pace budget director

What Washington Developments Indicate in Bank Legislation

LAWRENCE STAFFORD

WITH the wresting by the Democrats of control of Congress from the Republicans, the chairmanships of the Senate and House banking committees passed to Senator Burnet R. Maybank, a man of nearly 50, and Representative Brent Spence of Kentucky, a man of 74. Both men are personally popular with their colleagues, and are expected to work smoothly with their committees.

With the passing of the 80th Congress, the leadership of the House committee passes from the hands of a conservative, Representative Jesse P. Wolcott, Republican of Michigan, to a man of moderate views. Mr. Spence rates personally as inclined toward the conservative to middle of the road on economic matters, with a skepticism toward the more far-reaching reforms. On the other hand, Mr. Spence is an ardent believer in party regularity, and this affects his votes. He first ran for Congress in 1928, supporting Al Smith. Both Mr. Smith and Mr. Spence went down to defeat. In 1930 Mr. Spence ran again and won. He has been in Congress ever since. Before he ran for Congress, Mr. Spence for many years practiced law in Fort Thomas and Newport, and was city solicitor of the latter community. During this period he participated in the organization of a bank in Fort Thomas, and became its vice-president.

Senator Maybank came on to the national scene in 1941, when he was elected to fill the unexpired term of former Senator James F. Byrnes, when Mr. Byrnes gave up his seat

to take on a series of Federal posts, including those of Secretary of State and Justice of the Supreme Court of the United States.

Senator Maybank was at various times a cotton exporter, alderman and later mayor of Charleston, South Carolina, and finally, governor of the state. Although a southern Democrat, the South Carolinian does not rate as a thoroughgoing conservative. However, he is far more skeptical of radical legislation than some of his "progressive" Democratic colleagues.

The President's Program

It is difficult to write about President Truman's 1949 total program as though it were a serious proposition.

Most people are skeptics to one degree or another about what politicians say and promise (whilst believing that which they want to believe). One can better appreciate the problem of appraising the Truman program, however, by temporarily shedding this skepticism, and then looking at it as the President himself outlined it most formally and officially. Look at it as though the President actually meant the words he said and wrote, as though he actually believed that what he promised could be attained by legislation, and as though the President literally meant that Congress at the soonest possible moment should wave the legislative wand and call into being the blessings the President seeks.

From this point of view the Truman program potentially is literally the biggest man-made miracle of known history.

Man has had to go through millions of years of heart-breaking struggle and see his fondest dreams frustrated, to approach the time in 1949 in the United States of America when, at least for that part of mankind which lives in America, all or nearly all that insecurity would come to an end. He would never need to worry if he were in an accident and were not killed instantly that there would be any shortage anywhere of hospital facilities to try to save his life. He and his wife would not need to fret or worry over the money to pay for the care of his injuries, for the Government would have systems to take care of all that. Then, if the man died of the accident, his survivors would be taken care of in comfort by the Government.

Farmers would be guaranteed that they always could be sure of a handsome return from their labors, regardless of the old style price system, and the Government would further invest billions in building up their soil, so they seldom would need fear the conventional crop failure.

Laborers would be guaranteed that they would be worthy of their hire.

Businessmen likewise need fear nothing, the President indicated. The leaders of the nation's private enterprise system "should draw sustaining confidence from the fact that it is the policy of the Government under the Employment Act of 1946 to use all its resources to avoid depression and to maintain continuous prosperity," the President advised.

And while the greatest blessings of the prospective Truman miracle—as the miracle program was officially outlined—is reserved for the people of the United States, those people also will help keep much of the rest of the world from starvation, avoid years of a war-induced lower standard of living, and will make long commitments to protect all the world from that great insecurity of war.

Of course there is little *qualitatively* new in what the President has proposed for 1949. He and his late predecessor have proposed similar things in the past. What is new in 1949 is the sheer weight and magnitude of the promises of peace and plenty on earth for the people of the United States—the wide variety of the Truman program.

Contradictory Stand on Bank Lending

Apart from its unreal, incredible, rainbow-chasing, all-encompassing aspects, the Truman 1949 program has some very definite specific parts which bear upon the nation's business system. The President in particular proposes to vest the Federal Reserve Board with authority to lock up a greater proportion of bank assets into required legal reserves. The President would vest the Board with authority to hem in the lending capacity of commercial banks whenever, in the Board's judgment, it was wise to do so.

At the very same time that the President would cut down the lending capacity of banks, the Chief Executive was giving the blessing to his housing advisers to try to devise some kind of techniques which would encourage banks to make loans to purchase lower cost homes.

So the deal is, at one and the same time, to pull up short on the Government reins on the banking system, and at the same time to ply the whip hard to encourage the faithful banking steed to sweat harder in expanding lending.

Further lurking in the background was the prospect, a little nebulous at first, that after the banks had been cut down in their capacity to make loans to industry, the Gov-

ernment itself shall start putting out loans to industry to encourage expansion. The President specifically recommended study of the nation's capacity to produce, and particular of the need of bringing about expansion where production is short of consumer needs. He proposed Government financing of private industry to expand, or direct Government construction of factories if Government lending does not work.

So—bank lending for housing is to be encouraged and Government lending to business and industry is to be fostered, while bank lending to industry is discouraged.

Truman Advised Against Higher Reserves

It is not merely to the layman that this sounds slightly like a nightmare. Most seasoned capital observers were amazed that the President adopted this idea in the Economic Report which he put forward last year, of empowering the Federal Reserve Board in its discretion to require 10 points of additional reserve requirements on demand deposits, and four points on time deposits.

The President also adopted the Federal Reserve viewpoint on this issue with respect to nonmember banks. The President proposed that the same reserves be required of all members of the Federal Deposit Insurance Corporation, whether or not they were members of the Reserve System.

Seasoned observers believe that practically all the advice which the President separately got from all but one or two of his chief lieutenants was to lay off the higher reserve plan. There was much to be said against higher reserves, in the notion of these advisers.

For one thing, there appeared a definite belief—the plethora of White House and other official statements have borne this out—that the outlook is far from all-inflationary. The Federal Reserve Board, the Council of Economic Advisers, and the President's own Economic Report message, particularly called attention to the mixed trend and to the fact that bank lending did not increase inflationary pressures.

"Bank lending to businesses, real estate buyers, and consumers was generally curtailed and showed little growth in October and November compared with a very large expansion during the same period in 1947," the Board noted.

So at a time when the outlook was far from inflationary and when bank lending particularly was held in check by voluntary action of the banks themselves under the leadership of the American Bankers Association, the President came along with a proposal further to fence in the capacity of banks to lend—or a proposal to let the Federal Reserve Board put a fence around that lending capacity.

Another reason why the President was advised against the higher reserve requirement plan is that it might be the cause, so some of his advisers thought, of reversing the outlook for business. Obviously with so much of business expansion financed with term loans, a general restriction upon bank lending, even if not applicable to other private lenders and the Government, might discourage business's large capital outlays. There were important people in the Government who believed that this trend would be reversed by credit restriction, and who advised against it.

Finally, there was the special problem of Federal Reserve System membership. The Federal Reserve Board has been worried for fear higher reserve requirements would drive members out of the System. This could be avoided if the law were to impose the same requirements upon nonmembers as upon members. The President's request that all FDIC

(CONTINUED ON PAGE 146)



Men in the hold of a ship at a Jersey City, New Jersey, pier load ECA shipments for Europe

DEVART

Dim View of Post-ERP Outlook

HERBERT BRATTER

BUSINESSMEN in all countries have their eyes on the state of the United States' economy. There is a widespread feeling that this country has entered upon a recession and that the boom is over; although, with the experience of the election pollsters in mind, never have business forecasts been better hedged than this winter.

We saw in 1930 the worldwide business effects of American depression. That that history won't repeat itself is assured by the experience with deliberate deficits incurred to make employment. To internal spending by the Federal Government there has now been added "foreign aid" as a sustainer of the economy. Although it is clear that ERP is falling far short of its goals, enactment of the second year's installment is a foregone conclusion.

No End in Sight

This is not to imply that the immense ECA shipments to Europe have not had important political value, or that there has not been marked economic revival in Western Europe—

some think more even than has been reported. But a solution of the world's trade problems seems to be as far away as ever. And former-Secretary Marshall's vision of a coordinated Western Europe, in which national interests would be subordinate to the common good, has little more substance than a dream. Between Britain and the Continent there is to be no union now. Already the "Marshall countries" have informed us that the 4-year ECA program, which was to be so big that it would do the job completely, won't really do the job at all; that there still will be a deficit of dollars after 1952. There is no end in sight.

Government officials may go through the motions of preparing the most detailed estimates of the prospective cost of foreign relief. The President may have his coordinator for foreign assistance programs. Congressional committees may solemnly study the tables and interrogate witnesses. Yet we know no more than we knew on VJ-Day as to the ultimate end of all this programming. With amazing zeal and complete

faith this country has joined with others in a stupendous scattering of effort to better the world we live in. Often we have to content ourselves with the semblance rather than the substance of what we are after; with declarations painfully compounded of euphonious but unenforceable words. We seem to be scattering our energies in too many hopeless directions at once. May this not all lead to a bigger disillusionment than ever?

British Opinions

In December the British Government, pursuant to the invitation of the Washington-prodded Organization for European Economic Cooperation, published a 4-year recovery plan which holds forth the prospect of much sweat for the British people in the years ahead. British press comment on the plan is interesting. *The Times* warns that life will not start being easy by 1952. *The Manchester Guardian* declares: "All the comfort we can get from the given document is that without American aid and without the strenuous

efforts required to regain independence, we should be very much worse off. . . . The figures of the White Paper leave no doubt at all that we are walking dangerously close to a precipice." Why? The *Guardian* explains: New equipment and new methods have raised efficiency only to the extent of making good the loss of production through shorter working weeks and, if the Government cannot get better results in the future, the true prospect for 1953 is much bleaker than the White Paper suggests. "This plan is no plan; it is a daydream which may or may not come true."

Forgetting that the ERP which Congress adopted was the program worked out by the European recipient governments, the *Guardian* declares it to have been an American error to assume that the job of European recovery could be achieved in four years. This liberal newspaper calls for "new apparatus for yet another interim period before full recovery."

Against the broader background the details of operation of the ECA seem relatively unimportant: Whether more or less goods is carried on American ships; whether—as ECA has claimed—the recipient countries are sending back to us, at high prices, such ECA-financed commodities as aluminum and lead; whether the small American exporter is being crowded to the wall by the bulk-buying business groups which have been making their appearance in ERP countries; or whether nine countries have abolished passport visas.

Post-ERP Deficit

The report of the Organization for European Economic Cooperation, suggesting a European dollar deficit of \$3-billion after the present 4-year ERP program ends in 1952, was not exactly satisfactory to Mr. Hoffman's organization. At a press conference an ECA spokesman indicated that the OEEC has been asked to do its homework over again. He described the European document as not "a statement of the final conclusion at which these countries have arrived." Anyway, what ECA immediately wants from the Congress is an appropriation of \$4,347,000,000 to see the program through another year.

Certainly Europe's response to ERP to date leaves much to be desired, as Washington sees the picture. As among the various recipient countries there exists considerable disparity in the way in which the 4-year breathing spell is

being used. The lack of a sufficient spirit of cooperation in Europe some attribute to apathy and insufficient publicity. One might think that the OEEC report mentioned above was worth front-page space in Continental newspapers. But, according to the *Baltimore Sun*, the document passed practically unnoticed in France. The editors comment: "What is true of the European treatment of Monday's news, about the billions which the United States will be asked to provide next year, has been true of the Marshall Plan all along. . . . There are tragic implications in this. . . . The most powerful force behind the great design remains unused."

Objectionable Trade Practices

The present Congress must consider the charter of the International Trade Organization as well as renewal of the trade-agreements power. While thus expressing its faith in a better world, the Congress doubtless will note in passing that the private trader faces as many obstacles as ever. In Britain the bulk buying of foods, although much criticized by the businessman, continues in operation. London's *News-Chronicle* editorially asks: "Is it seriously imagined that private enterprise would melt the heart of Señor Miranda of Argentina any more readily and cheaply than the official government

buyers?" The paper thought the government's defense of bulk buying in Parliament all the more depressing because it was largely unchallengeable.

Consider bilateralism, the *bête noir* of Bretton Woods. Word from London is that bilateralism there is gaining, rather than losing ground. And with new refinements. Britain now not only insists that trade be bilaterally balanced. The official policy is that exports of essentials be balanced by imports of essentials. There is even some tendency to differentiate between various classes of essentials.

In South America, as Camille Gutt and his Fund party could observe during their recent tour of the Hemisphere, multiple currency practices are firmly entrenched. Although the Fund was intended by its American authors to produce order out of foreign-exchange chaos, the present outlook is for the indefinite continuance of the above-mentioned multiple exchange rates in Latin America. Those rates are a symptom of balance-of-payments difficulties. Since the countries concerned have been unable to straighten out their affairs during these postwar years of very high prices for their export goods but instead have tended to dissipate their wartime foreign-exchange and gold nest eggs, there is diminishing chance that they will do so hereafter. The Fund does not

(CONTINUED ON PAGE 126)

The technologies of billions for ERP relief and long-term loans have so pervaded the function of diplomacy that President Truman chose former Budget Director James E. Webb for the post of Under Secretary of State. Secretary of State Dean Acheson and Under Secretary Webb lay diplomatic plans from a bench in Lafayette Park across Pennsylvania Avenue from the White House



WIDE WORLD



Facilities of the motor bank department, First National Bank & Trust Co., Oklahoma City



Modern Banks Need Modern Buildings

THE bank interiors and exteriors shown on these pages are typical of those which have appeared in the pages of *BANKING* for the past few months in connection with a series of articles by John J. McCann. Those articles have covered a variety of the problems encountered by banks in remodeling old buildings and constructing new ones, and the pictorial examples given have ranged from the small country bank to the large city institution.

Only by examining such a collection does one realize the extent to which banks have adopted the best in architecture and the newest in building engineering.

Left, directors' room of the St. Joseph Valley Bank, Elkhart, Indiana. Each director has an individual table, the chairman using the large one shown at the right. The chairs are adjustable, and each bears a metal plate with the name of the director who uses it



The building of the Banco Popular de Puerto Rico, *left*, was a forerunner of the island's present trend toward modern architecture

King Street, Charleston, office of the Citizens and Southern National Bank of South Carolina, *right*, has been designed in the architectural style typical of that picturesque city. It is constructed of old Charleston brick and Indiana limestone





Above, left, a scene on the executive floor of the principal office, Manufacturers Trust Company, New York, where the atmosphere of the old insurance houses of London has been adapted to modern banking needs. Above, right, a corner of the main banking room of the Farmers State Bank of Estelline, South Dakota



Above, left, a sketch of the drive-in facility of The Merchants National Bank & Trust Company, Syracuse. There are two deposit windows. Above, right, a corner of the Austin (Texas) National Bank, where indirect cove lighting is used in the main lobby area, supplemented by fluorescent fixtures over the tellers' working area

Below, left, The First National Bank, Fort Lauderdale, Florida, where a home-like appearance is enhanced by draperies and carpeting. Soft, diffused illumination is achieved with a battery of ceiling spots, with a fluorescent strip in the tellers' section. Below, right, drive-in banking can be done at this branch of the Michigan National Bank, Lansing, which, adapted from a Quonset hut, opened for business just six weeks after materials were ordered





"Bank Building Case History"

Two views in the main banking room of the St. Clair National Bank, Belleville, Illinois

This is the fifth in a series of case studies of bank building and modernization jobs.

To date, our case studies have discussed the building and modernization programs of branch systems and large metropolitan banks, and so may have created the impression that much of the present building activity is confined to large institutions. But, on the contrary, numerous small banks serving urban and rural communities are adopting the "new look," and developing more business in quarters that contain all the features of their big city correspondents.

In a City of 30,000 a Bank Takes on the New Look

A good example is the St. Clair National Bank, Belleville, Illinois, a county seat of some 30,000 population in the heart of the rich southern Illinois farmland. The first view of the main banking room suggests the decor of a fine hotel. The beauty of the color scheme and lighting arrangement are among the striking features that capture attention. The ceiling of light rose tint has cold cathode fixtures concealed in a cove, and strategically placed incandescent spotlights with special diffusing lenses. A new year-round air conditioning system also adds much to the general atmosphere of comfort.

The plaster walls of the bank are done in a gray-blue accented by a series of three brilliant murals—two on either side of the main entrance and one large panel above the safe deposit department at the rear. One mural epitomizes the "Future Farmers of America," and the companion

(CONTINUED ON PAGE 122)



The Investment Market

Governments—Other Securities—Tax Savings

Government Bonds

MURRAY OLYPHANT

The author is a member of the faculty of The Graduate School of Banking and a Government bond and money market specialist.

KIPLING had a word, or words, for it: "The tumult and the shouting dies. The captains and the kings depart." So 1948 passed into history and 1949 starts on a note of calm regarding the stability of the Government market, in sharp contrast to the storm which raged one year earlier. Articles and addresses now turn to other aspects of the economy as the "pegs" for the moment cease to be news.

Refunding

Refunding of a total of nearly \$6.7-billion of issues called or maturing on December 15, 1948, and January 1, 1949, resulted in the issuance of about \$6¼-billion of new one-year 1¼ percent certificates, leaving slightly under \$500-million to be paid off in cash. This is approximately 7 percent of the maturity and just about in line with expectations.

On February 1, \$2,189,000,000 of 1½ percent certificates matured, \$3,547,000,000 matured on March 1, and \$1,054,000,000, on April 1. Exchange of these issues for new one-year 1¼ percent certificates seems highly probable.

Healthy Tone

From the end of November 1948 into January 1949, a healthy tone characterized the market for Government securities. Net price improvement for various key issues is indicated in the following table:

Fully Taxable	Bid 11/30/48	Bid 1/5/49	Change for Period
"Banks" 2½ percent bonds 9/15/67/72	101-18/32	101-31/32	+13/32
2¾ percent bonds 9/15/58/59	102- 1/32	102-11/32	+10/32
2½ percent bonds 3/15/56/58	103-13/32	103-29/32	+15/32
2 percent bonds 12/15/52/54	101- 4/32	101-13/32	+ 9/32
Partially Taxable			
2¾ percent bonds 12/15/60/65	109	109-23/32	+23/32
2¾ percent bonds 9/15/58/59	109- 4/32	109-30/32	+26/32
2¾ percent bonds 3/15/55/60	107-30/32	108-10/32	+12/32
Ineligible for Commercial Bank Purchase	Bid 11/30/48	Bid 1/3/49	Change for Period
"Victory's" 2½ percent bonds 12/15/67/72	100- 8/32	100-16/32	+ 8/32
"Victory's" 2½ percent bonds 6/15/62/67	101-14/32	101-27/32	+13/32
"Victory's" 2¾ percent bonds 12/15/59/62	100	100- 5/32	+ 5/32

By the end of December the 2¼ percent bonds of 59/62 finally joined the balance of the list and "floated" above the peg; whether "with the greatest of ease" remains to be seen. But their current performance is quite satisfactory.

Such market action eased the problems of the Federal Reserve's open market committee, so only the following small changes occurred during December in the total held and the maturity composition.

Federal Reserve Holdings of Government Securities by Maturity Classifications	(000,000 omitted)		Change for Period
	12/1/48	12/30/48	
Maturing within 1 year	\$11,407	\$11,783	+376
Maturing in from 1 to 2 years	590	563	- 27
Maturing in from 2 to 5 years	1,959	2,047	+ 88
Maturing in over 5 years	9,209	8,954	-255
	\$23,165	\$23,347	+182

As the final week of the year is that in which member banks use their fiscal compacts to improve the appearance of their year-end statements, it may well be that during January there occurred a net decline in total Federal holdings as excess year-end cash was put to work.

It needs no crystal ball to assume that, to the extent that orderly invest-

ment (as contrasted with speculative) demand develops, Federal Reserve holdings will only be made available to prevent undue and undesirable price mark-ups.

Circulation

After seasonally increasing before Christmas, circulation declined sharply in the final week of December and was reported as \$28,325,000,000 on December 29—precisely the figure for December 1—while the gold stock increased only \$71-million for the month.

After paying off \$100-million of bills on December 9, retirement was discontinued for three weeks and then resumed for the issue maturing January 9. Meanwhile, the general fund of the Treasury showed the following changes:

	(000,000 omitted)	
	11/30/48	12/31/48
General Fund balance.....	\$4,385	\$4,208
In Federal Reserve banks... \$1,679		\$1,212
Special depositories..... 1,621		1,908

Continued calls on war loan deposit accounts and occasional further retirement of the weekly maturing bill issues are expected and will have a moderate credit deflationary effect in offsetting the January return flow of currency to the banks.

Budget Surplus

For the first six months of the fiscal year ending June 30, 1949, the budget figures showed a surplus of \$125 million, exclusive of expenses of \$1,644,000,000 charged to the foreign economic trust fund. Receipts of the first quarter of 1949 may produce a surplus of over \$5 billion (the surplus for the first quarter of 1948 was over \$6 billion), exclusive of further transfers from the foreign economic trust fund. If deemed desirable, this should permit of further Treasury bill retirement, provide amply

for the payment of such certificate maturities as are not exchanged for new issues, and possibly pay off some of the maturing bills and certificates held by other than the Federal Reserve banks. However, the second quarter of 1949 may show a deficit in anticipation of which the Treasury might conceivably prefer to build up the general fund balance during the first quarter. In brief, the Treasury will be in a position either to dampen any credit inflationary tendencies should they develop, or, in their absence, to maintain the credit picture on an even keel.

As of October 31, 1948, the 7,281 commercial banks which reported their holdings of Government securities to the Treasury Department owned \$55,434,000,000. Of this total, 83 percent mature or are callable within five years, 11 percent in from five to 10 years, and 6 percent in over 10 years. This preference for the shorter term issues is quite understandable in view of conditions which prevailed during 1948, during which year increases in loans and mortgages not only raised the total of risk assets, but also happily improved income to a sufficient extent to offset the loss of income resulting not only from the lower holdings of investments, but also by reason of the policy of shortening maturities. As there seems some possibility, at least, that conditions may reverse themselves, some thought might be given to the effect of such a reverse on income production and to whether preference for a very short maturity position may not have been overdone.

In 1949 a total of nearly \$4½-billion of the 8-10-year 2 percent bonds become callable at various dates in the second half of the year, plus about \$2¼-billion of previously issued, partially tax free issues. The possibility certainly exists that holders of some of

these issues will be afforded the opportunity of exchanging their holdings for new issues having a longer maturity than one year.

It may happen that during 1949 "rights value" will once again be a market factor.

Other Investments

H. EUGENE DICKHUTH

MR. DICKHUTH is a financial writer on the New York Herald Tribune.

WHILE final tabulations are not yet completed, new securities issues last year are estimated to have totaled \$5,678,944,000. The overwhelming percentage, or \$5,248,482,000, was represented by 597 bond issues. Stock issues totaled \$430,462,000, distributed among 97 flotations. Bond offerings in 1948 were the largest for any year since 1930 and stock offerings the smallest since 1944.

In 1947 new securities marketed aggregated \$5,117,379,000. Of these, \$4,451,878,000 was for 433 bonds issues and \$665,501,000 was for 151 stock issues.

State-Municipal Issue Outlook

Experts predict that 1949 new state and municipal issues will match, if not exceed, 1948 flotations because 1948

saw merely the beginning of rehabilitation in the physical plants and facilities of local governments, such as schools, roads, airports, hospitals, water, and sewer systems. In view of the general increase in population, the necessity for new building is imperative in all areas, but it is particularly essential in sections which have enjoyed an unexpectedly large growth, such as the West Coast.

Indeed, 1949 may go down as a new record year in state and municipal financing. This may be true, especially, if the predictions of a leveling off in general business conditions should be borne out. For declines in employment may lead to greater availability of men and materials and to demand for more government spending on all levels—local, state, and Federal.

However, any fears of a serious recession or worse hardly appear to be

(CONTINUED ON PAGE 150)

ESTIMATED CHANGES IN OWNERSHIP OF UNITED STATES GOVERNMENT SECURITIES BY TYPES OF SECURITIES AND GROUPS OF INVESTORS
(from the Federal Reserve Bulletin for December 1948)
Net increase (+), or net decrease (—), in holdings, October 31, 1947, through October 27, 1948
(in billions of dollars)

Type of security	All investor groups	Federal agencies & trust funds	Federal Reserve banks	Commercial banks	Mutual savings banks	Savings & loan associations	Insurance cos.	All other investors
All securities.....	-6.8	+2.9	+1.1	-7.0	-.5	-.3	-2.8	-.2
Marketable securities—total.....	-9.2	+1.1	+1.1	-7.3	-.7	-.3	-3.1	(1)
Treasury bills.....	-3.1	+1	-8.0	+2.3	+1	(1)	+3	+2.1
Certificates and notes.....	+5	(1)	-.9	-.8	+1	(1)	+4	+1.7
Treasury bonds, due or callable:								
Within 5 years.....	+2.8	-.1	+2.7	-.6	+3	(1)	+1	+4
5 years or over.....	-9.4	+1.2	+7.2	-8.2	-1.2	-.3	-3.9	-4.2
Nonmarketable securities—total.....	+2.4	+1.8	.....	+3	+2	(1)	+3	-.2
Savings bonds.....	+2.9	(1)	.....	+3	+2	(1)	+3	+2.1
Savings notes.....	-1.2	(1)	.....	(1)	(1)	(1)	(1)	-1.2
Special issues.....	+1.8	+1.8	.....	.....	.....	.....	.....	.....
All other ²	-1.1	(1)	.....	(1)	(1)	(1)	(1)	-1.1

¹ Less than 50 million dollars.

² Includes a decline of 0.5 billion dollars in noninterest-bearing securities held by the International Monetary Fund and the International Bank and a decline of 0.4 billion dollars in armed forces leave bonds.

NOTE.—Figures for Federal Reserve banks and Government agencies and trust funds are actual. Estimates for commercial banks are based on reports for member banks on total holdings of Government securities, on breakdown of portfolios for weekly reporting banks, and on preliminary data of issues held as of the end of October by about 7,000 commercial banks reporting to the U.S. Treasury Department. Holdings of savings and loan associations are based on data of the Home Loan Bank Board. Portfolios of insurance companies and mutual savings banks are estimated from Treasury ownership figures. Breakdown by types of securities for nonbank holders is based on Treasury ownership figures through September and partial information from scattered sources for October.



About 400 Future Farmers of America members took part in the judging contest during the Bank of America's third annual FFA field day near Pala, California. The FFA students and some 350 ranchers and their wives feasted on a 1,200-pound barbecued beef while guests of the bank. Sweepstake winners received plaques from Vice-president F. F. Parmelee

News for Country Bankers

Selling Services . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

This selection of news affecting various aspects of country bank management was compiled by MARY B. LEACH of BANKING's editorial staff.

Small Bank Job Classification Study

As a test of whether it is possible to obtain a job classification and merit rating yardstick for country banks, the Commission on Country Bank Operations and the Customer and Personnel Relations Department of the American Bankers Association are conducting a joint exploratory survey among a few banks with between 10 and 40 employees. The principal objective of this sampling is to determine the type of functions on which employees in these banks spend their time and the amount of time devoted to these various functions.

If the returns from this questionnaire result in information of real value, the A.B.A. will then distribute the questionnaire among a larger group of banks in the same personnel range. If this second sampling turns up additional data that would be useful in forming job classification and merit rating techniques which would be valuable to small banks, then the first step in improving job classification, merit rating, and training in these banks will have been taken.

N. C. Public Speaking Contest Results

SCHOOL children in practically all of North Carolina's 100 counties are expected to take part in the North Carolina Bankers Association's 1949 public speaking contest on soil

conservation, according to Gordon C. Hunter, executive vice-president of The Peoples Bank, Roxboro.

For the first time, every bank in the state had an opportunity to participate in the 1948 contest, when 4,328 children from 303 schools competed for prizes amounting to \$6,053.25.

Analysis of reports from 66 of the 82 competing counties reveals the following facts on the 1948 contest, which clearly indicate its educational value:

County winners gave their winning speeches 282 times; made 36 radio talks; 59,361 heard all contestant speeches; agricultural workers made 404 group appearances as a result of the contest; 2,164 students made 201 field trips to observe soil conservation; and 404 news articles on soil conservation appeared as a result of the contest.

At a recent all-day meeting of the NCBA's agricultural committee, a subcommittee on forestry was set up and plans were made to hold all-day regional meetings on credit and farm problems, to which supervising agents, soil conservation committees, and farm representatives will be invited. This is intended as a first step toward the founding of a farm credit school in North Carolina.

Mr. Hunter is a former chairman and now a member of the agricultural committee of the North Carolina Bankers Association.

Virginia Starts Student Contest

USING Virginia's Agricultural Resources to the Best Advantage" is the theme being developed in a high school public speaking contest now in progress under the



With "Resolute" before he entrained for San Diego, left to right, Herdman Steckley, Banker Schlosser, and Auctioneer Harris Wilcox

sponsorship of the Virginia Bankers Association. Cooperating in this project are: G. Tyler Miller, State Superintendent of Public Instruction, and Dr. Walter S. Newman, president, and L. B. Dietrick, director, Extension Service, Virginia Polytechnic Institute. Prizes offered range from \$25 to \$250.

Under the plan followed by the VBA, the state was divided into 10 districts of 10 counties each, and each county was permitted to send one representative to the district contest. However, a minimum of five entrants from the schools in each county was necessary for the county to qualify a representative for the district contests.

This project, which is new in Virginia this year, has the support of Governor William M. Tuck. C. Francis Cocke, president, First National Exchange Bank, Roanoke, is VBA president.

"Cross Country Service"

GEORGE SCHLOSSER, assistant manager of the Brockport, New York, office of the Lincoln Rochester Trust Company, was filled with consternation and steeped in gloom for a time after receiving a telegram asking for what was perhaps the most unusual service ever performed by the Lincoln Rochester Trust.

It happened like this: The First National Trust and Savings Bank of San Diego, California, telegraphed the Brockport bank to buy at auction "Carnation Resolute," famous son of a world renowned Holstein sire, "Governor of Carnation," and to have him insured and delivered in San Diego. First National guaranteed all expenses.

"If we buy him what will we do with him? How will he get to California? How do we get life insurance for a bull—do we buy him an annuity? Whose money do we spend to pay for him?" Those were a few of the questions shot back and forth by Mr. Schlosser, his office manager, Gary Benedict, and the bank's farm department director, Dort A. Cameron.

This poser, like others that have been solved by the Brockport office, had a happy ending. "Carnation Resolute" was struck off to Mr. Cameron the next afternoon; he was paid for with Lincoln Rochester funds; the previous owners agreed to give him board and room until arrangements could be made for his trip west; Peter Steckley, an experienced herdsman, agreed to accompany him cross country; and after seven and a half days of stopping, going, feeding and watering, "Resolute" and his valet arrived in San Diego. As might be expected, "Resolute's" entourage received a royal welcome. It was greeted by "Resolute's" new owner and by First National's Vice-president W. B. Whitcomb.

"This was all George Schlosser's baby, his headaches and pleasures," said Mr. Cameron in *Linc-All News*, "and Lincoln Rochester has made more new friends both here and in sunny California."

Banker Heads Green Pastures Committee

LOUIS A. ZEHNER, assistant vice-president, Federal Reserve Bank of Boston has been named chairman of the New England Green Pastures Committee, to conduct another New England-wide pasture improvement contest in 1949.

The 1949 contest will follow the general outlines of the 1948 competition, in which nearly 2,000 dairymen vied for cash prizes and other awards. Pastures will be judged by a committee of agricultural specialists and farmers. Awards will include plaques and a New England trophy.

California 4-H Has Most Successful Year

CALIFORNIA 4-H members have completed the most successful year in the history of the program in the State of California," reports Allen J. Zahn, assistant manager of the California Bankers Association. Goals emphasized by the Extension Service—ownership and net profit—produced spectacular returns. These returns, summarized by Mr. Zahn, reveal that animals and crops on 8,255 individually owned projects, including cash from sales, totaled \$2,044,555. After deducting \$1,497,857 in operating costs, the 4-H members realized a net profit of \$546,698.

This is not nearly the whole story, however. 4-H girls completed 6,441 home economics projects. Although accurate cost records were kept on clothing materials, food preservation, and room furnishing, emphasis was on home economy and not on profit and loss, as in the case of crop and animal projects.

Altogether 12,620 boys and girls completed 14,896 demonstrations in 1948. Working through its 40 county key bankers, the California Bankers Association awarded each boy and girl who successfully completed a project a 4-H Club achievement pin. These attractively designed pins are awarded for each year of successful completion, from the first through the eleventh. Awards were made on the basis of the all-important record book, which evidences a completed project.

"These farm boys and girls exhibited their animals, produce, garments, etc., at 172 rural assemblies before an audience that totaled 42,310," said Mr. Zahn. "The 12,620 members who completed their projects represented 79 percent of the 16,000 boys and girls who started the season's activities under the leadership of 2,540 volunteer men and

(CONTINUED ON PAGE 128)

1949 officers of the National Association of County Agricultural Agents, photographed during the association's annual convention. Left to right, R. E. Carter, Uniontown, Pa., vice-president; John H. Logan, Clearwater, Fla., president; C. C. Keller, Springfield, Mo., secretary-treasurer; and Stuart Stirling, Silver City, N. M., ex. com.





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Philadelphia

"Rain or Shine" Farm Credit

Country Banks: Where They Stand in Financing Agriculture

A. G. BROWN

MR. BROWN is deputy manager of the American Bankers Association in charge of the Agricultural Commission. In this article, he brings up to date data used in August 1945 BANKING showing that banks are able to provide farm credit in good as well as bad times.

TODAY, as never before, the banks have ample resources to meet the full credit requirements of farmers. Many farmers at present do not require financing from any one but when they do need money they will find that country banks will be a dependable credit source.

American agriculture has come far in the past few years and its record of paying debts, buying Treasury Savings Bonds, and accumulating cash reserves attest to its soundness. It is maintaining a strong financial position in spite of continued high costs of farm production, according to a national survey completed in 1948 by the Agricultural Commission of the American Bankers Association.

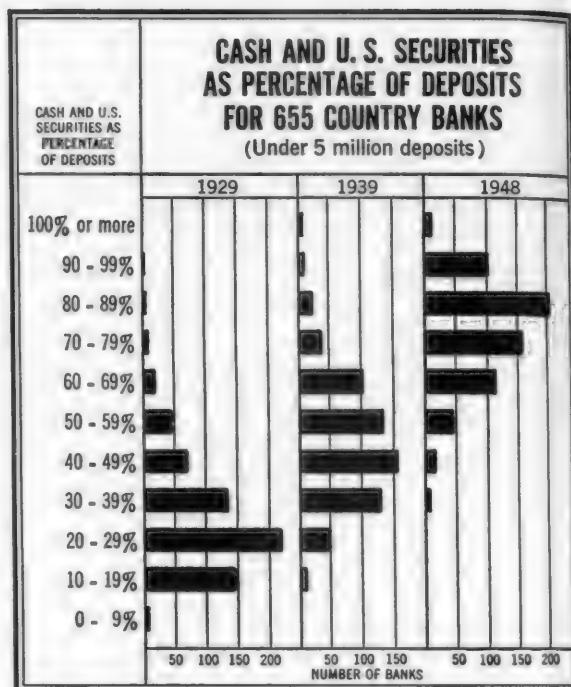
The survey reveals that the greater proportion of agricultural loans made by banks are nonreal-estate loans. They are for a variety of purposes—production expenses, operating costs, purchases of seed and feed, and the like.

On January 1, 1948, the outstanding nonreal-estate agricultural loans of insured commercial banks amounted to \$1½-billion which was less than two-fifths of these loans made during the year. In other words, these short term agricultural loans turned over during the year and thus proved that they met the test for commercial bank investment just as loans to business and industry. In general, the credit extended to farmers was used for production and was largely liquidated before the end of the year when it had served its economic purpose.

The data secured in the survey revealed the important position which banks hold in their communities in serving the financial requirements of farmers. Fifty-one percent of the nation's farmers received agricultural credit from banks in 1947. The total amount loaned to three million farmers was \$5-billion, including \$600-million on farm real estate mortgages.

Every banker and every farmer, too, needs to be reminded that tremendous changes have occurred in American banking since 1929. On June 30 of that year, the cash reserve balances and United States securities held by all active banks totaled less than 30 percent of their deposits, whereas on June 30, 1948, the percentage was 76.7 percent. This situation, with the intervening changes from 1929, is shown in the chart, which reveals the credit capacity of 655 country banks in 10 selected states.

These banks, all of which are under \$5-million in deposits, were picked at random and represent approximately 10 percent of the total number of banks in these 10 states. The agricultural cash income received by farmers of these states in 1947 amounted to \$14.2-billion, which is 47.1 percent of the total farm income of the nation. Also, the nonreal-estate



agricultural loans held by insured commercial banks in mid-1948 in these same states represent approximately one-half of the total held by all insured commercial banks in the country. These 655 country banks afford a representative sample of the country bank situation in the nation. Ninety-four percent of them are located in towns of 5,000 population or less. The states used in the study are: Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, Texas, and Wisconsin.

Of the 655 banks studied, nearly 400 of them had cash and Government securities representing more than 75 percent of their deposits on June 30, 1948. This is in sharp contrast with the situation that existed on June 30, 1929, when only eight of these same banks were in this favorable position. The country banks in each of these 10 states share the same high capacity for meeting the credit needs of farmers. The percentage of cash and U. S. securities to deposits ranged from 86 percent in Nebraska to 71 percent in Missouri.

The table below shows in summary the deposits and liquid assets of the 655 country banks.

	June 30, '29	June 30, '39	June 30, '48
	(millions of dollars)		
Deposits	\$299.0	\$298.9	\$1,166.3
Cash and due from banks . . .	58.4	91.3	262.6
U. S. securities	30.0	60.3	632.0
Percentage cash and U. S. securities to deposits	29.5%	50.7%	76.7%

From marginal cotton to *Money-Making Cows*



Left to right: Banker Park, a Cabot dairyman, Dealer Wood, Salesman Hencke and dairy cows—key to this story.

These figures tell the story

No. of Dairy Farms today—About 215
Community Dairy Income—In excess of \$1,000,000 annually
Individual Farm Income—Increased from \$500 to \$1,500 gross in 1938 up to \$10,000 to \$15,000 in 1948
Bank Capital—1938: \$46,000; 1948: \$130,000 (entirely from earnings)
Bank Deposits—Increased sixfold since 1938
Bank Loans—Increased fivefold since 1938

How Banker Marvin Park and Purina Dealer Fred Wood Spearheaded a Program to Transform a Failing Cotton Economy into a Million-Dollar Dairy Industry at Cabot, Ark.

It all started back in 1938 when Marvin Park, cashier of the Bank of Cabot, and his two Purina friends, Dealer Fred Wood and Salesman E. C. Hencke, decided that something had to be done about the failing agricultural economy of the area around Cabot, Arkansas.

Small cotton farmers were drawing a bare existence from the worn land. A few dairy farmers within a three-mile radius of Cabot were doing somewhat better, at least earning a steady, year-round income from their small, 10 to 20-cow herds.

Banker Marvin Park decided that more dairy farms was the answer—but how?

A survey showed that two things were needed: 1. Capital, 2. A complete dairy program. Banker Park decided to supply the capital by making three types of loans: a. Dairy Production Loans to buy dairy animals and feed, b. Farm Implement Loans—for pasture building equipment, c. Truck Loans—to buy trucks for hauling milk.

For the complete Dairy Program he called on Purina Dealer Fred Wood and Purina Salesman E. C. Hencke. Together they held educational dairy meetings and schools on breeding, management, sanitation and feeding. They called on the other agricultural leaders for help.

The figures above tell the story of what happened in only 10 years.

Says Banker Park, "The first thing we tell a prospective dairyman is to check with Fred Wood or E. C. Hencke on his Dairy Program. In 10 years we have never written off a dairy loan—have never lost a single dime on this business."



OPPORTUNITIES IN YOUR COMMUNITY

There are new opportunities for community building in your town, too. Make it a point to talk over the livestock and poultry possibilities of your area with your Purina Dealer soon.

If you do not have a Purina Dealer in your town now, find out about the Purina Franchise as an opportunity for young men in your community. Purina Chows for livestock and poultry and Purina Sanitation Products are distributed from 32 strategically located plants and carry the Checkerboard label, rural America's best known trade-mark.

Franchises are open in some communities now. Find out about this valuable franchise for the new business prospects of your community. Write today to Dept. C,

RALSTON PURINA COMPANY

1605 Checkerboard Square

St. Louis 2, Mo.

8% Farm Land Price Increase in Year

Voluntary farm land sales are below a year ago and buyers are more cautious and selective

EVEN though farm land prices in the United States continue to advance, the overall position of the nation's agriculture for 1949 is favorable. A survey made by the Agricultural Commission of the American Bankers Association shows that the number of voluntary farm land sales is below that of a year ago and that buyers are more cautious and selective. More than 50 percent of all farm land sales were for cash and the total volume of mortgage debt is very low in comparison with farm income.

This situation undoubtedly reflects the success of the American Bankers Association anti-inflation credit control program in which state associations and local banks co-operated to channel uses of credit for productive purposes. Banks everywhere are urging their farmer customers to proceed with caution in making commitments or incurring debts which must be paid in the years immediately ahead.

The farm land price situation is shown on the table of indexes, below, developed by the Bureau of Agricultural Economics. The index of farm land prices for the country as a whole on November 1, 1948, stood at 177 (1912-1914 = 100). This is up from 164 and represents a rise of 13 points or 8 percent from November 1, 1947. The indexes were up in every state except Delaware, California, and Florida. The table shows the percentage rise in each state from November 1947 to November 1948.

In the line-up of states, Nebraska tops the list. Yet in spite of its increase of 17 percent in the past year, its present farm land price index of 137 is still considerably below the United States average of 177. It is one of several states where land price movements have gone forward slowly and conservatively from a low index reached in the 1930s. South Dakota is the one state where present farm land prices stand below the 1912-1914 level. In fact, they are now 54 percent of the 1920 peak. Missouri and Iowa rank next with their indexes at only 71 and 72 percent of the 1920 level.

THERE are several comparisons of indexes that may be used to help determine whether land prices in a particular state may be inflationary. For instance, these comparisons include the ones of 1939 with today (map page 89), which reflect what has happened since the beginning of World War II. The prices of farm land in 28 states have more than doubled since the prewar year of 1939.

Another comparison that is often made is the index of present farm land prices with the peak of 1920. The present indexes which are shown in the table for 1948 are peaks in 36 states, since they are above the boom levels of 1920. In North Carolina, Alabama and Rhode Island, the indexes are about 50 percent higher than the 1920 peak; while they are

(CONTINUED ON PAGE 89)

Farm Real Estate Price Changes in Past Year

Index of Average Value Per Acre (1912-14 = 100)

	November 1947	November 1948	Percent Increase (Decrease)		November 1947	November 1948	Percent Increase (Decrease)
Nebraska.....	117	137	17.0	Rhode Island.....	179	194	8.3
Arkansas.....	222	259	16.6	Louisiana.....	206	222	7.7
Wyoming.....	157	182	15.9	North Carolina.....	307	330	7.4
Kansas.....	146	169	15.7	Oregon.....	157	168	7.0
Oklahoma.....	178	206	15.7	Alabama.....	247	264	6.8
South Dakota.....	84	97	15.4	Idaho.....	167	178	6.5
South Carolina.....	191	218	14.1	Tennessee.....	244	260	6.5
Texas.....	176	200	13.6	Vermont.....	171	182	6.4
Montana.....	129	145	12.4	Missouri.....	111	118	6.3
West Virginia.....	138	155	12.3	Pennsylvania.....	151	160	5.9
New Mexico.....	172	193	12.2	New Hampshire.....	142	150	5.6
Wisconsin.....	136	152	11.7	Utah.....	146	154	5.4
Georgia.....	174	193	11.0	Nevada.....	113	119	5.3
Indiana.....	161	178	10.5	Kentucky.....	265	276	4.1
Minnesota.....	149	164	10.0	Maryland.....	196	204	4.0
Mississippi.....	220	242	10.0	Maine.....	139	144	3.5
Colorado.....	153	168	9.8	Connecticut.....	188	194	3.2
Iowa.....	140	153	9.2	Arizona.....	183	186	1.6
Virginia.....	223	243	8.9	Washington.....	179	181	1.1
New York.....	136	148	8.8	New Jersey.....	188	190	1.0
Ohio.....	159	173	8.8	Delaware.....	165	163	(1.3)
Massachusetts.....	149	162	8.7	California.....	239	228	(4.7)
North Dakota.....	104	113	8.6	Florida.....	220	206	(6.4)
Illinois.....	143	155	8.3				
Michigan.....	191	207	8.3	United States.....	164	177	8.0



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6. Advertises honestly;
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8. Maintains membership in its local Real Estate Board, or with the National Association of Real Estate Boards.

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A. DETMERS

Dealer Financing Plan Guarantees Banks Against Loss

THEODORE FISCHER

THERE is an increasing recognition of the importance of bank financing for all phases of business. Now another big firm, a nationally known producer of consumer durable goods, has inaugurated a plan whereby the banks finance the company's dealers. The Kalamazoo Stove and Furnace Company, Kalamazoo, Michigan, has in operation a plan for the wholesale financing of its dealers by the banks—a plan similar in some respects to the widely publicized Westinghouse plan (BANKING, September 1948).

(Kalamazoo's plan makes no mention of any retail sales credit. But, if a customer should need to finance his purchase of a stove, it would seem only normal that the dealer should steer the customer to the same bank which finances the dealer's inventory. The bank thus stands a chance to offer complete maker-to-buyer service.)

As E. D. Curren, comptroller for Kalamazoo, explains it: "The plan itself is very simple. We issue to any bank handling the wholesale financing for our dealers a very broad repurchase agreement . . . our company will buy back any merchandise which the bank may specify for the amount which the bank has invested in this merchandise.

"We are supplying a Dealer Conversion Bond at no cost to the bank, which pays 100 cents on the dollar for any loss up to the total amount of the bond coverage extended to these banks; and in addition will pay excess losses above that amount, providing there is a recovery from the dealer over and above the 'out of pocket' expense of the insurer. There is one additional phase to our working agreement with the local banks, the Continuing Wholesale Drafting Commitment, which we sometimes refer to as the sight draft payment plan.

"Under the sight draft payment plan, the dealer and his regional sales manager go to the bank to establish a line of credit for the dealer. The bank signs a Continuing Wholesale Drafting Commitment form. The dealer then mails his purchase orders as he needs various items, and as fast as items are available we make shipment, freight prepaid, direct to the dealer's store on a regular open bill of lading.

"We then prepare a sight draft envelope; and in this envelope place a duplicate copy of the invoice, with the bill of sale made out directly to the bank. **THE BANK THUS OBTAINS TITLE TO THE MERCHANDISE WHICH HAS BEEN SHIPPED TO THE DEALER.** A description of the merchandise and the serial numbers are also included. This sight draft envelope is taken to our local bank and is deposited to our account. The sight draft then travels from our bank to the various clearing banks of the Federal Reserve System and after a few days reaches the bank in the dealer's town or city. This bank has already agreed to pay the draft promptly by signing the Continuing Wholesale Drafting Commitment form.

"In a few cases, the line of credit established by the dealer with his bank may not be substantial enough to warrant the signing of a Continuing Wholesale Drafting Commitment agreement by the bank. To cover circumstances of this kind, an alternate form, the Wholesale Drafting Arrangement, has been provided. When this is used, the bank issues an individual approval of each order authorizing the draft for that one order alone rather than authorizing such drafts on a continuing basis. The rest of the details are handled in exactly the same manner. The

(CONTINUED ON PAGE 69)



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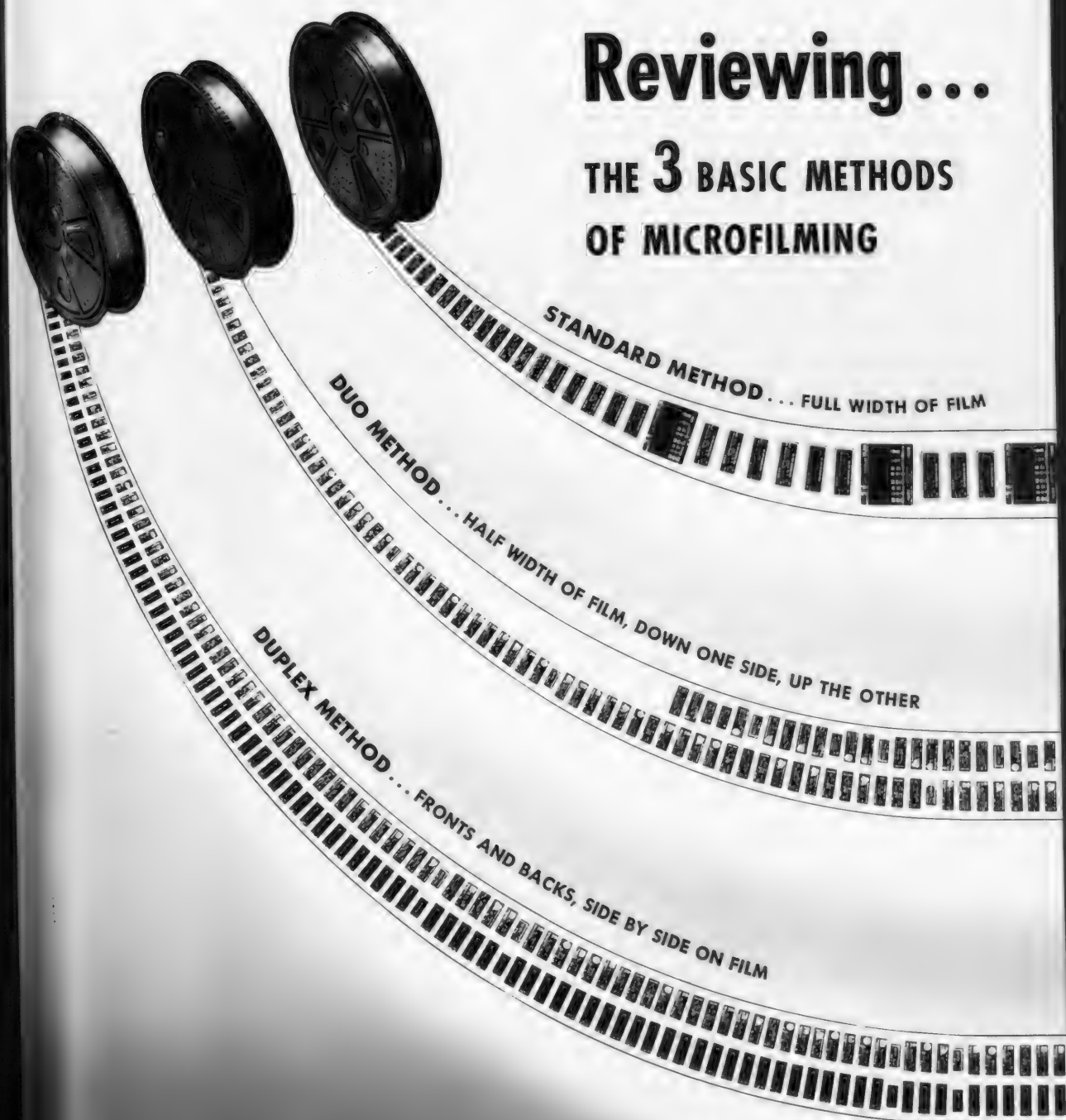
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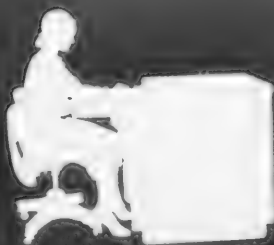
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Reviewing...

THE 3 BASIC METHODS OF MICROFILMING



Reviewing...



THE **RECORDAK** MICROFILM EQUIPMENT
THAT GIVES YOU THIS VERSATILITY

VERSATILITY—

TO MEET THE
REQUIREMENTS
OF YOUR BANK

Here is a quick-reference chart illustrating the scope of the current line of Recordak equipment in relation to the three basic methods of microfilming.

It describes the operating characteristics of the machines . . . lists the film units which each accommodates . . . provides an over-all picture which helps answer the question of which Recordak Microfilmer is best designed to meet the needs of your bank.

THE RECORDAK DUPLEX MICROFILMER

. . . designed for large-volume banks handling over 6000 checks per day. It is especially recommended for operations where the fronts and backs of checks are microfilmed for a complete record. Here, it not only provides maximum film economy . . . but does the job three times as fast as the other Recordak machines. In addition, this versatile machine automatically face-stamps checks

—proof that they have passed through the machine. And—when the unique Recordak Endorser* is employed—automatically endorses or cancels them. Thus, 2 extra jobs can be performed instantaneously—in the routine microfilming operation.



THE STANDARD METHOD . . . documents are recorded across the full width of the film . . . the method introduced by Recordak in 1928 . . . still the choice of thousands who desire maximum size enlargements in the Recordak Reader. Up to 7500 check images can be recorded on a 100-ft. roll of film.

The Recordak Duplex Microfilmer records the fronts of documents—up to 9½ in. wide—across the width of the film . . . employing a film unit with an 18 to 1 reduction ratio.

THE DUO METHOD . . . documents are recorded on half the width of the film—down one side, up the other . . . the familiar home-movie technic introduced by Kodak in 1932. Film units with greater reduction ratios are employed . . . record up to 21,000 check images on a 100-ft. roll of film.

. . . it records the fronts of checks on half the width of the film . . . employing a film unit with a 35 to 1 reduction ratio, which assures maximum film economy in all operations where only one side need be recorded.

THE DUPLEX METHOD . . . the fronts and backs of documents are recorded simultaneously—side by side on the film . . . the revolutionary technic introduced by Recordak in 1945. It brings maximum speed . . . maximum film economy to all operations where a complete check history is desired . . . records the fronts and backs of 10,500 checks on a 100-ft. roll of film.

. . . it records the fronts and backs of checks simultaneously, side by side on the film . . . employing a film unit with a 35 to 1 reduction ratio.

- • • • • **The Recordak Automatic Feeder***
- **can be used on the Recordak Duplex Microfilmer.**
- This amazingly dependable unit eliminates operator-handling
- . . . more than triples productive capacity in the three basic
- methods of microfilming . . . in many cases eliminates or re-
- duces the need for additional equipment.
-
- • • • •

THE RECORDAK TRIPLEX MICROFILMER

—successor to the Recordak Commercial Microfilmer—designed for banks handling from 1500 to 6000 checks per day. A versatile machine that allows you to photograph the fronts of documents . . . or the



fronts and backs at will . . . on either the full width or on half the width of the film. Thus, it serves all operations—is ideal in bookkeeping . . . and in transit operations, too, when maximum speed is not a requirement.

THE RECORDAK JUNIOR MICROFILMER



. . . a combination microfilmer-reader designed for the community bank handling less than 1500 checks per day. It provides a complete, economical photographic banking service . . . records incoming, outgoing, or internal documents in seconds . . . cuts

bookkeeping and transit costs as much as 50% . . . increases protection for bank, depositors, and employees . . . saves 98% in filing space.

The Recordak Triplex Microfilmer records the fronts . . . or the fronts and backs of documents (up to 11 in. wide) consecutively . . . across the width of the film . . . at a 24 to 1 reduction ratio.

The Recordak Junior Microfilmer records the fronts . . . or the fronts and backs of documents (up to 9½ x 11 in.) across the full width of the film . . . employing a film unit with a reduction ratio of 19 to 1.

To record documents—bound or unbound—you need only place them on the copy board and touch the exposure buttons. The fronts and backs of checks can be photographed in one operation—fast production maintained. To read microfilm records, you simply pull down the projection screen which is an integral part of the machine.

. . . it records the fronts . . . or the fronts and backs of checks consecutively on half the film width . . . using either a 24 to 1 film unit . . . or a 19 to 1 film unit which provides maximum film economy.

The Recordak Triplex Microfilmer accommodates the Recordak Endorser . . . which automatically endorses checks in the same continuous operation in which they are microfilmed. The unique roving endorser stamp staggers imprints, minimizing overlapping endorsements.

Recordak Automatic Feeder* can also be used on the Recordak Triplex Microfilmer...

to realize maximum efficiency in recording the fronts of documents with either the Standard or Duo method.



*Optional equipment at extra rental cost.

TO ALL USERS OF THE RECORDAK COMMERCIAL MODEL

Your Present Microfilmer may well be the machine best designed for your bank

. . . if your microfilming requirements do not exceed the capacity of your present equipment.

. . . if you prefer the larger images obtained with full-width microfilming.

. . . if the film savings offered by the newer models do not offset the higher rental cost.

We suggest that you check these points with your local Recordak representative on his next call—or at your convenience—for it is our desire that you have the type of Recordak equipment best suited to your requirements.

BACKED BY KODAK

You drop a check into a Recordak Microfilmer . . . and it's recorded automatically—a tiny image on a film roll . . . photographically accurate and complete to the last detail.

One of the simplest business operations . . . yet one that is critically dependent upon the perfection, the synchronization of multiple elements—cameras, lenses, lighting systems, film . . . all in a precision machine. Therein, lies the story of Kodak's contributions.

Recordak Microfilers, Film Readers, and accessories are designed and built by Kodak. The facilities of the world's foremost manufacturer of photographic apparatus and materials have been behind Recordak from the start . . . since the first Recordak Microfilmer was created for a New York bank in 1928.

Recordak Microfilm is made by Kodak . . . made for the exacting job of recording checks and documents with maximum sharpness—at tremendous reductions. It is specially sensitized . . . has a special fine-grained emulsion . . . special backing . . . and combines other distinctive photographic properties.

Recordak film processing utilizes Kodak-perfected techniques and equipment . . . another important contribution that provides uniform film records . . . each tiny image sharp and clear when you view it greatly enlarged in a Recordak Film Reader.

RECORDAK NATION-WIDE SERVICE ORGANIZATION



ATLANTA
231 Peachtree St., Atlanta 3, Ga.

BOSTON
99 Bedford St., Boston 11, Mass.

CHICAGO
137 North Wabash Ave., Chicago 2, Ill.

CINCINNATI
27 West Fourth St., Cincinnati 2, Ohio

CLEVELAND
812 Huron Rd., Cleveland 15, Ohio

DALLAS
1504 Young St., Dallas 1, Texas

DENVER
1746 Champa St., Denver 1, Colo.

DETROIT
51 W. Hancock Ave., Detroit 1, Mich.

HOUSTON
745 Merch. & Mfrs. Bldg., Houston 14, Tex.

KANSAS CITY
416 East 10th St., Kansas City 13, Mo.

LOS ANGELES
1123 N. Bronson Ave., Los Angeles 38, Calif.

NEW ORLEANS
1007 Camp St., New Orleans 10, La.

NEW YORK
350 Madison Ave., New York 17, N. Y.

PHILADELPHIA
1541 Sansom St., Philadelphia 2, Pa.

PITTSBURGH
428 Penn Ave., Pittsburgh 22, Pa.

PORTLAND
115 S. W. Fourth Ave., Portland 4, Ore.

ROCHESTER
343 State St., Rochester 4, N. Y.

ST. LOUIS
3303 Washington Blvd., St. Louis 3, Mo.

SAN FRANCISCO
561 Clay St., San Francisco 11, Calif.

WASHINGTON
705 12th St., N. W., Washington 5, D. C.

AT YOUR CALL—A nation-wide, field-service organization with headquarters in 20 conveniently located cities.

● **Bank-trained specialists** . . . who understand banking routines and systems . . . who can help in solving your operating problems . . . who will instruct your staff in the operation of Recordak equipment and correlated banking functions.

● **Skilled Service Representatives** . . . who service your equipment whenever needed . . . who inspect it periodically to insure perfect operation—a service that involves no charges for labor or parts!

● **Experienced Film Processors** . . . who develop your microfilm records promptly, using Kodak techniques and equipment . . . a bonded service which assures maximum protection of confidential records.

● **Free Facsimile Service** . . . should transit checks be lost or destroyed en route. Recordak will produce facsimile prints from your microfilm records—free of charge!

Thousands of banks know the value of these dependable services . . . appreciate the fact, too, that Recordak equipment is obtained without capital investment . . . that a more versatile Recordak microfilmer can be substituted for their present unit, should their microfilming requirements change.

For complete information, contact the nearest Recordak office. Recordak Corporation (*Subsidiary of Eastman Kodak Company*), 350 Madison Avenue, New York 17, N. Y.

RECORDAK® IS A TRADE-MARK

RECORDAK

(Subsidiary of Eastman Kodak Company)

Originator of modern microfilming—and its application to banking systems.

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Consumer Credit Digest

(CONTINUED FROM PAGE 64)

bank is afforded full protection at all times because any merchandise it takes possession of and for which it wants to obtain payment is protected by our repurchase letter. The Dealer Conversion Bond affords broad protection against selling items out of trust.

"We recommend also to each bank that it have the dealer obtain locally adequate fire insurance protection as well as theft, windstorm, etc. This can best be handled on a local basis because many times the dealers have protection already which can be endorsed to cover the bank's interest and because of the variation in local insurance rates for protection of this kind."

Modifications Asked

When Regulation W was reimposed, a few brave souls maintained that it would surely make some drastic changes in the automotive market.

It was pointed out that a man with a \$4,000 yearly income, who has a wife and one child, could barely meet the payments on a car costing \$1,800. With two children, it was feared that this man probably wouldn't even get the loan. Since about two-thirds of the nation's labor force can be bracketed in the \$3,000-\$4,000 group, the controls seemed sure to make some changes in the lists of car buyers.

As it turned out, these were no idle fears of professional seers of doom. While lower-priced cars have not yet been greatly affected, the producers of higher-priced cars are beginning to feel the pinch.

Kaiser-Frazer Corporation, which considers its cars to be in a "medium-price" range, has aimed a diatribe at Regulation W. The corporation claims that the regulation may force it to make such drastic cutbacks in production schedules that it may become necessary to lay off from 3,500 to 4,000 workers.

"This Regulation W is the greatest indignity ever perpetrated upon the American people in time of peace," according to Joseph W. Frazer, corporation president. "It is a step toward a controlled economy which will wind up with socialism," he declared.

Henry J. Kaiser, the corporation's board chairman, said that if the controls are kept the way they are now, every automobile manufacturer in the medium and higher-priced fields would ultimately be forced to lay off men and adopt drastic retrenchment methods. He said he was asking only for a modification of the instalment period to 24 months, but that he believes there is no reason for any limit because every sale should be based on the credit ability of the customer.

The two officials charged that Regulation W, restricting auto financing to 18 months, results in the Federal Reserve Board's "virtually dictating that only the rich and high-income families can buy better automobiles."

They contended that under Regulation W, instalment purchasers of cars must make payments in excess of \$100 a month after a cash down-payment of one-third.

"Most purchasers," they said, "do not object to the down-payment, but only a selected group of about 14 percent of the nation's family heads, who earn \$5,000 a year or more, can afford the 18-month finance rate."

Representative Wright Patman of Texas seems to agree with the Kaiser-Frazer officers. He, too, has been sniping at

BUSINESSMEN assaying prospects for 1949 would do well not to minimize the role of the American consumer.

The Marshall Plan, national defense, public works, and business capital expenditures all are important in shaping business conditions.

But the fact remains that personal consumption expenditures are the really decisive factor. They absorb fully 70 percent of all the goods and services turned out by the American economy at the present time. Any considerable contraction in consumer spending, therefore, would more than outweigh expansion that may take place in other parts of the economy.

— JOURNAL OF COMMERCE
New York

the restrictions of Regulation W as they apply to the instalment period on auto purchases. None but the rich can keep up the payments, he says.

A spokesman for the Federal Reserve Board is quoted as saying that the regulation will be restudied and that no other major automobile manufacturer has found any fault.

Meanwhile, things are happening in the lower-priced car market. The Ford Motor Company announces that it produced 850,856 units in 1948, and that it will expand in 1949 with an announced goal of 1,005,644 vehicles for the year. It plans to turn out Fords at the rate of 4,350 per day.

Chevrolet evidently anticipates a big year, too. That company has spent some \$50-million for new dies and tools for its '49 model, and will promote its product with the largest advertising budget in its history. The exact amount is not known, but ad people are saying that it surely will exceed \$15-million.

Lusty Infant

It might be well to rehearse just a few statistics to show how the infant television industry looms large in the consumer credit picture.

Estimates from within the industry show that approximately \$300-million was spent for television sets in 1948 alone.

In the entire year of 1946, total production of television sets amounted to 6,746 units. Now watch the figures soar. In the month of January 1947, the industry produced 5,437 units, or almost as much as the total for the entire previous year. For the single month of October 1948, the score was 95,216 television sets.

Television Today, a brochure published by John A. Cairns & Co., advertising agency, says that there were 870,000 sets in use at the end of 1948. (Some other sources place this figure at an even million.) It quotes a spokesman for one of the big television manufacturers as saying that at the end of 1949 there will be 2,470,000 sets; at the end of 1950, 5,270,000; 1952, 13,570,000.

Mae Hamilton, writing in *Time Sales Financing*, goes a little further, carrying the predictions through a 10-year period. She says "by 1958—in just 10 years—it is believed that the number of sets may have reached the 40-million mark with a total regular audience of 100 million. The growth of radio in the past 25 years," she notes, "has been remarkable. . . . Television is growing much faster than did

radio in its early days and is practically certain of matching the radio record in less than 25 years. In the past 12 months, it has grown faster than any other major industry ever to appear on the American scene."

With the big growth in the number of sets produced and sold, there has been a corresponding growth in the number of television broadcasting stations and in the quality of the programs offered.

It is axiomatic under the free enterprise system that mass production brings about reductions in unit prices. Nevertheless, it is certain that hosts of purchasers will want or need to finance their new sets.

One prediction is that television will become one of the 10 leading industries in about 10 years, and one of the mainstays of the next business boom. Be that as it may, television is here and it's here to stay. It's sure to mean a lot of consumer credit profits for the banks that realize this is no fly-by-night business . . . and act accordingly.

Dealers' Dilemma

Builders, along with lumber companies and building supply dealers, are quite happy over the renaissance of interest in the packaged mortgage.

Regular appliance dealers feel that Regulation W is causing them to lose a lot of business to the builders and supply dealers who now are selling these items themselves, as a part of the finished house.

This, of course, is no worry of the consumer. Nor is it of any particular worry to the bank. The bank is apt to finance the equipment regardless of whether the appliances are a part of the mortgage, and whether they come from a builder, a lumber company, a building supply outfit, or from the regular appliance dealer.

It is not a worry of the appliance manufacturer, either. He's happy that the packaged mortgage opens up new avenues of sales that wouldn't be made under Regulation W.

The home buyer who couldn't afford to pay an extra \$60 a month to finance his appliances under Regulation W is not likely to quibble over adding \$6 a month to his long-term mortgage. And that, in effect, is what happens.

All of this leaves the smaller dealers in appliances out on a limb. Most appliances have already caught up with demand. Price resistance is strong. The dealer may have to shave his profit or take a loss to move his stock. The big companies are showing a tendency to concentrate their sales promotion through the big dealers who then become bigger while the little fellow gets squeezed out. Fewer and bigger dealers is the prediction of some of the leaders in the home appliance manufacturing field.

Appliances

Excerpts from a recent publicity release of one of the country's largest electric appliance manufacturers:

The electric appliance industry has returned to its historically normal condition characterized by sharp competition. . . . The industry is as sound as at any time in its history; but, the application of proved selling fundamentals, frequently unnecessary in the postwar period, must be resumed to maintain a high level of sales. . . . Record production in 1948 satisfied the pent-up demand for nearly all major appliances and brought inventories to dealers for the first time in postwar. . . .

Present high materials and labor costs make downward price revisions unlikely during the period ahead. . . . Although some price adjustments are inevitable, competition

among manufacturers will more likely take the form of new products and new product features to increase the sales appeal of work-saving appliances. . . . Marketing programs will include larger national advertising budgets. . . .

In 1948, the \$5,000-and-up income group, a prime market for major electric appliances, represented 21 percent of all American families, or a total of 8.8-million family units.

Advertising budgets will be expanded to maintain competitive positions in the industry. . . . Growing competition probably will be accompanied by a shrinkage in the number of appliance dealers. . . .

The return of normal conditions within the industry means the return to fundamental selling if a high sales level is to be maintained.

Directory Revised

A 300-page revised edition of the "Consumer Instalment Lending Directory" has been published by the Committee on Consumer Credit of the American Bankers Association.

The book has two purposes: (1) to make available the names of banks actively engaged in consumer instalment lending, together with the various types of credit services each bank offers; and (2) to arrange among these banks a nationwide, voluntary, cooperative, reciprocal collection program where banks assist one another by offering a collection service on "skip" and delinquent accounts.

Over 9,000 banks are listed in the new volume, together with the name of the individual in each bank in charge of consumer credit. As before, the directory is available at cost to A.B.A. member-banks.

William F. Kelly, vice-president, Pennsylvania Company for Banking and Trusts, Philadelphia, is chairman of the Committee on Consumer Credit.

For the Record

The old peacetime high in motor vehicle registrations was 34,764,306 in 1941. Estimated 1948 registration: 41,038,000.

Competition Returns

The consumer is due for some of the most intense sales promotion seen in a long while. Advertising will be very heavy. All kinds of inducements will be offered.

Business knows when the going will be rough. A number of lines are already committed to much greater advertising lineage, lower cost, smaller profit margins, etc.

One large concern has overlooked nothing in introducing a new washer. It will be offered in only a few places at a time to allow for aggressive promotion.

The new washers will be advertised heavily in Sunday papers for two reasons: Monday is the first business day of the week; Monday is traditionally wash day. Radio advertising and direct mail will be scheduled to reach the consumer the same day.

All purchasers of the new washer will be given a complete demonstration after the appliance has been installed in their homes.

Local merchandising in each new market will include factory-paid key-city advertising, multiple dealer cooperative advertising, individual and key dealer newspaper ads, radio spot announcements and transcriptions, outdoor posters, car ads. At the time markets are opened, dealers will be supplied with all kinds of new training materials including motion pictures and sound-slide films.

Competition is back again.



Part of the Mississippi river front of St. Louis, host to National Consumer and Instalment Credit Conference

A. DEVAHEY

CONSUMER CREDIT CONFERENCE

RECOGNIZING that economic changes might seriously affect the consumer instalment credit business of the banks, the Consumer Credit Committee of the American Bankers Association will hold a National Consumer and Instalment Credit Conference in St. Louis on March 29, 30, and 31. One of the objectives of the conference will be to help each bank find its answer to the question: What should a bank's instalment policy be in the period ahead?

In announcing the conference, William F. Kelly, chairman of the committee and vice-president of The Pennsylvania Company for Banking and Trusts, Philadelphia, says: "Continuing control over consumer instalment credit lending under Regulation W of the Federal Reserve Board is creating new problems for banks.

"The banks of this nation," Mr. Kelly observes, "have made remarkable progress in broadening their credit services through the use of instalment credit. Their sound and intelligent approach to the extension of this type of credit was largely responsible for the excellent experience which banks have enjoyed during the past decade.

"The banks have demonstrated their ability to restrict the use of bank credit to productive and necessitous purposes on a voluntary basis.

"Will banking," Mr. Kelly asks, "continue to occupy a dominant position in every type of instalment credit? The real test is yet to come."

Comprehensive Program

The general subjects to be presented and discussed at the conference will be operational techniques; basic collection factors; basic credit factors. Broadly, the topics will include: How to get, make, and collect instalment loans; current trends in consumer credit; credit factors of automobile financing; the manufacturer's viewpoint; credit factors of appliance financing; instalment credit in rural communities; instalment cash lending; consumer credit—its effect on our economy; views of government, banking, and industry on Regulation W and other selective credit controls.

Banks — Industry — Government

The roster of speakers is not yet complete. Leaders in banking and business will appear, as well as a number of high officials of government.

Bankers will learn of industry's credit requirements; industry will hear of bank problems in meeting the requirements and plans to do so; both will hear the Government's views on credit.

To complete plans for the event, the A.B.A. Consumer Credit Committee met on January 26 and 27 at the Hotel Stevens in Chicago. This was the first meeting of the group since the reimposition of controls. The committee gave consideration to government regulations of credit, and a resolution concerning this may result.

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

California's Statewide Bank

Condensed Statement of Condition, December 31, 1948

RESOURCES

Cash in Vault and in Federal Reserve Bank	\$ 847,290,364.89
Due from Banks	341,974,207.88
TOTAL CASH	\$1,189,264,572.77
United States Government Obligations, direct and fully guaranteed	1,545,280,553.15
State, County, and Municipal Bonds	283,455,131.62
Other Bonds and Securities	109,996,633.92
Stock in Federal Reserve Bank	6,499,400.00
Loans and Discounts	2,807,070,397.91
Accrued Interest and Accounts Receivable	24,974,348.58
Bank Premises, Furniture, Fixtures and Safe Deposit Vaults	42,438,450.40
Other Real Estate Owned	256,058.81
Customers' Liability on Account of Letters of Credit, Acceptances, and Endorsed Bills	63,106,784.24
Other Resources	571,540.33
TOTAL RESOURCES	\$6,072,913,871.73

LIABILITIES

Capital	\$ 106,646,375.00
Surplus	110,000,000.00
Undivided Profits	62,872,254.99
Reserves	4,666,168.06
TOTAL CAPITAL FUNDS	\$ 284,184,798.05
Reserve for possible Loan Losses	41,505,513.86
Deposits { Demand \$3,139,747,378.91 } { Savings and Time 2,499,776,040.24 }	5,639,523,419.15
Liability for Letters of Credit and as Acceptor, Endorser, or Maker on Acceptances and Foreign Bills	65,383,454.65
Reserve for Interest Received in Advance	12,463,320.59
Reserve for Interest, Taxes, etc.	29,853,365.43
TOTAL LIABILITIES	\$6,072,913,871.73

This statement includes figures of the Bank's foreign branches

Main Offices in Two Reserve Cities of California
SAN FRANCISCO • LOS ANGELES

Foreign branches: London, Manila, Tokyo, Yokohama, Kobe
Branches throughout California



MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION

MEMBER FEDERAL
RESERVE SYSTEM

FRB Earnings Up

PRELIMINARY figures received from the 12 Federal Reserve banks indicate that during the year 1948 their current earnings amounted to \$304 million, an increase of \$146 million over 1947. These figures were published by the Board of Governors of the Federal Reserve System.

The increased earnings, the Board says, reflect the higher average rate of interest on System holdings of U. S. Government securities.

Current expenses of the Reserve banks were \$73 million, leaving current net earnings of \$231 million, or \$138 million more than in 1947. Net additions to current net earnings amounted to \$6 million, consisting mostly of profit on sales of government securities.

After payments to the U. S. Treasury of \$167 million as interest on outstanding Federal Reserve notes, and transfers of \$40 million to reserves for contingencies, there remained net earnings of \$30 million. The \$167 million payments were \$92 million more than in 1947.

Dividends to member banks were \$12 million, and \$18 million was added to surplus.

Here's One Way To Put It

"With the prospect that in 1949 national income and employment will continue at high levels, the outlook is for continued substantial gains in savings bank deposits. The pressure exerted by the high cost of living and the greater availability of consumer goods, both durable and other, should tend to restrict the rate of deposit gains to that prevailing since mid-1948."—*William L. Maude*, president of the National Association of Mutual Savings Banks, and president of Howard Savings Institution, Newark, N. J.

"It is highly encouraging to me, as a bank supervisor and a strong believer in the dual banking system, to find many signs of the rapid awakening of the bankers to the need for increasing public goodwill and for creating a better understanding by the people as a whole of banking's present day problems."—*Pennsylvania State Secretary of Banking D. Emmert Brumbaugh*.

"Consumer loans not only serve a constructive economic purpose, but they compare most favorably with commercial loans and Government bonds as desirable bank assets. Consumer paper means a broad diversification of risk, steady maturities, dependable amortization, plus an extremely low percentage of loss."—*Ralph W. Pitman*, president, Charter Bank of Philadelphia.

STRAN-STEEL FRAMING

How



helps keep buildings
salable!

Long-range salability is a major consideration in any property investment. Only basic quality in construction can keep a building attractive to buyers after a long period of service, and steel framing is an accepted assurance of that kind of quality.

With a "backbone of steel" to resist the most prevalent sources of deterioration—warping, sagging, rotting, plaster cracks, fire, termites, fungi and rodents—a building framed with Stran-Steel members resists depreciation. Long after damage from settling and shrinkage has impaired the value of conventionally framed homes and buildings, structures built around Stran-Steel joists, studs and plates retain original quality.

There are no limitations to exterior or interior design with Stran-Steel Framing. The patented

nailing groove lends itself to modern materials and methods. Thus the investor in buildings framed with Stran-Steel members is afforded another important safeguard against premature obsolescence.

Stran-Steel Framing has now been successfully used in residences, garden-type apartments, multiple dwellings, commercial and industrial buildings for over ten years. Back of its high quality are the reputation and facilities of the Great Lakes Steel Corporation, producer of America's most useful and versatile building—the famous Stran-Steel-framed arch-rib Quonset.

GREAT LAKES STEEL CORPORATION

Stran-Steel Division • Dept. 76 • Penobscot Bldg. • Detroit 26, Mich.
A UNIT OF NATIONAL STEEL CORPORATION



THE VERSATILE QUONSET DEMONSTRATES THE VALUE OF STRAN-STEEL FRAMING

STRAN-STEEL AND QUONSET REG. U.S. PAT. OFF.

This modern automobile sales and service building is a good commercial adaptation of the Quonset Multiple. The clear-span, all-steel Quonsets offer enduring value at moderate cost. Architects throughout the country are using all six basic Quonsets to design attractive, functional buildings for industrial and agricultural applications. Quonsets are framed with nailable Stran-Steel Framing, which affords almost limitless flexibility in design and arrangement.

BANK LAW NEWS

A Rich Man Can Be Guilty of Theft

CHECK-KITING

A DECISION of the Fourth Circuit Court of Appeals describes a \$14 million check-kiting drama that "almost worked" but ended with the principal member of the cast in the toils of the law.

One Rakes was a wealthy farmer and one Gardner the executive vice-president of a Virginia bank. Rakes drew

checks on the bank in large amounts, although he had little or no funds there. He cashed the checks at, or deposited them in, various other banks. When, in the course of collection, the checks reached the bank Gardner had them honored, using other funds of the bank.

Rakes kept his account in apparent order by depositing checks drawn by him on other banks in which he had little or no funds. He then deposited

in those banks checks on still other banks in which he had little or no funds. And from time to time he would, with Gardner's assistance, balance his account with the proceeds of various forged notes. The evidence showed that the total entered as deposits in the various banks during the running of the scheme totaled \$14,775,705.

All of these manipulations had a
(CONTINUED ON PAGE 76)

FIVE-DAY BANK WEEK LEGISLATION

The following table has been prepared to supplement the article on the 5-day bank week which appeared in Bank Law News last month. The texts of the various laws have been reprinted in *Paton's Digest of Legal Opinions*. Citations to the laws may be found in the *Digest*, or may be obtained from the secretary of the A.B.A. Committee on State Legislation.

	Law Enacted	Population Density, Rank	Urban Pop. %	CLOSING DAY			LAW EFFECTIVE		LAW APPLIES TO	
				Saturday	Any fixed weekday	Wednesday or Saturday	Year- round	June- Sept. only	Entire state	† Limited areas only
Cal.....	'39	28	71.0	X			X		X	
Conn.....	'47	5	67.8	X			X		X	
Del.....	'35, '41	11	52.3	X			X			X
D. C.....	'46	1	100.	X			X		X	
Fla.....	'47	31	55.1	X			X			X
Ga.....	'47	24	34.4			X	X			X
Iowa*	'48	27	42.7	X			X		X	
Ky.....	'48	16	29.8		X		X		X	
La.....	'48	25	41.5	X			X			X
Me.....	'47	34	40.5	X				X	X	
Md.....	'47	8	59.3	X			X			X
Mass.....	'47	4	89.4	X			X		X	
Mich.....	'48	13	65.7	X			X		X	
Mo.....	'47	22	51.8		X		X		X	
N. H.....	'47	23	57.6	X			X		X	
N. J.....	'47	3	81.6	X			X		X	
N. Y.....	'47	6	82.8	X			X		X	
Ohio.....	'47	9	66.8	X			X		X	
Penn.....	'47	7	66.5	X			X		X	
R. I.....	'47	2	91.6	X			X		X	
Wash.....	'47	35	53.1	X			X		X	
Wis.....	'47	20	53.5	X			X		X	

* Iowa has no enabling law, but state attorney general ruled that banks may close under existing laws.

† Limited area closing. Principal cities affected are in parentheses:

Delaware—New Castle (Wilmington) and Kent (Dover) Counties, only.

Florida —Counties of 106,000 to 112,400 pop. and over 300,000 pop. These are, respectively, Palm Beach (West Palm Beach), and Dade (Miami).

Georgia —Counties of over 70,000 pop. only. These are Bibb (Macon), Chatham (Savannah), DeKalb and Fulton (Atlanta), Muscogee (Columbus), and Richmond (Augusta).

Louisiana—Orleans Parish (New Orleans). Jefferson and St. Bernard's Parishes (adjacent to New Orleans) if parish authorities take necessary action.

Maryland—All counties except Caroline, Queen Anne's, Somerset, Wicomico and Worcester. (All in rural eastern shore.)

Find out now about the revolutionary new TODD CHECK IMPRINTER

Bankers everywhere are asking about the new Todd Imprinter that revolutionizes on-the-premises pocket check imprinting. *You* can get complete details merely by mailing the handy coupon below.

Fast, sharp, clean imprinting of depositors' checks with name and address, *plus quick binding*, can now be done in a matter of moments by any employee. Check-sorting time is reduced...posting errors cut to a minimum. Your customers are served more quickly, your staff can handle pocket check orders faster, your profits increase with this new Todd Imprinter.

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By _____

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When Inventories Are Up Field Warehousing Enables You to Make Profitable Loans

You can use Field Warehousing to...

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Kansas City 6, Mo.
Waldheim Bldg.

Cincinnati 2, Ohio
Carew Tower

Memphis 3, Tenn.
Sterick Bldg.

13

purpose. With the cash obtained from Gardner's bank, Rakes secured equities in real estate valued at over \$1 million, and with this secured a million dollar loan from a life insurance company. From the proceeds of the loan, he paid his debts and balanced his bank accounts. It might be added here that Gardner, as a side-line, was agent for the life insurance company and received substantial commissions from the company, as well as brokerage fees from Rakes, for his part in the transaction.

The scheme continued to operate. Rakes continued to buy real estate until his total properties were appraised at over \$2 million. He was in the process of arranging another loan from the insurance company when the scheme suddenly collapsed.

A BANK examiner discovered irregularities in Gardner's bank. The FDIC began an investigation. The Bureau of Internal Revenue threatened to place a lien for income taxes upon Rakes. The life insurance company withdrew from the proposed loan. Rakes' operations came to an end, Gardner collapsed, and shortly thereafter the bank collapsed, too.

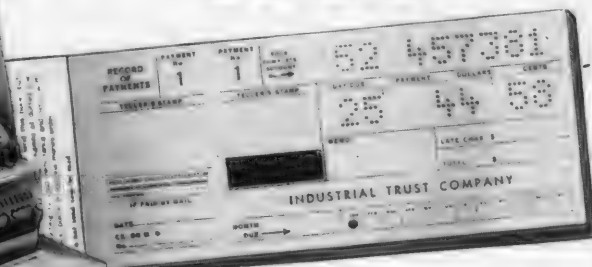
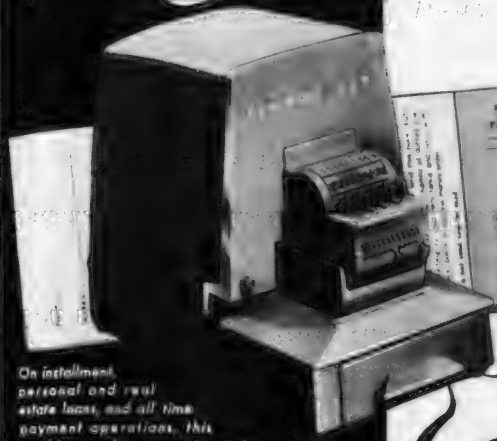
Rakes was convicted of aiding and abetting another in the willful misapplication of funds of a bank insured by the FDIC. In fighting the charge, he raised several defenses. All were turned down. Two of them were at least interesting.

In one of them Rakes argued that he should be acquitted because there was no evidence to show that he understood the means by which Gardner caused his checks to be honored. He was, he said, unfamiliar with the operations of banks. Possibly he felt that all the unpleasantness might have been avoided if Gardner had let the checks be dishonored. In any event, this argument was dismissed as "almost frivolous." Said the court, "... his knowledge of what was happening was enough, even if he did not understand the intricacies of bank clearances."

Rakes' other point was that he never had any intent to misapply the bank's funds. He had assets to meet his debts, and had planned to cover his transactions with the proceeds of the insurance company loan. The court gave this short treatment, noting that "many embezzlers fully intend to return the money they take; if a horse wins a race, or the stock market goes up, or if next month's expenses are not so heavy."

(CONTINUED ON PAGE 78)

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Philadelphia
American Credit Corp., Newark
The City Loan & Savings Co.,
Lima, Ohio
The Franklin Square National
Bank, New York
Bank of Virginia, Richmond,
Va. and 6 branches
Federal Services Finance
Corp., Washington, D. C.
Pioneer Bank, Chattanooga
Union Planters Nat. Bank and
Trust, Memphis
Vim Electric Co., Inc., Brooklyn
The Society for Savings,
Cleveland
Ned's Auto Supply Co., Detroit
The Penna. Co., Philadelphia
The Capital National Bank,
Sacramento, Calif.
Gramatan Natl. Bk. & Tr. Co.,
Bronxville, N. Y.
Ridgewood Savings Bank,
Brooklyn
Lincoln Rochester Tr. Co.,
Rochester
Victor Adding Machine, Chicago
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Radio, Chicago

...and hundreds more. You owe it to your-
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PROVE IT YOURSELF AT NO COST!
ON ALL TIME PAYMENT OPERATIONS

I'll save you 40%
OF YOUR OPERATING COST!

"Easiest Way of All to Make Quick, Steady Profits"—That's what users attest about the streamlined methods brought by this revolutionary machine and coupon team; multi-thousand-dollar yearly savings are common! Read why, compare with your present methods. Then try Cummins on a NO SAVING—NO SALE basis!

How It Saves Hourly, Daily—The Cummins Perforator and coupon book speed window traffic, make accounting errorless, almost automatic. Complete data is perforated through each coupon... there's a coupon for each payment... coupon is its own advance notice—no mailing!... level payments are assured... prescheduled balances are possible... handier in mail payment... home office reporting is speedy, accurate... additional codes and contracts use same coupon form... coupon book savings alone buy the machine—other Cummins advantages are a bonus!

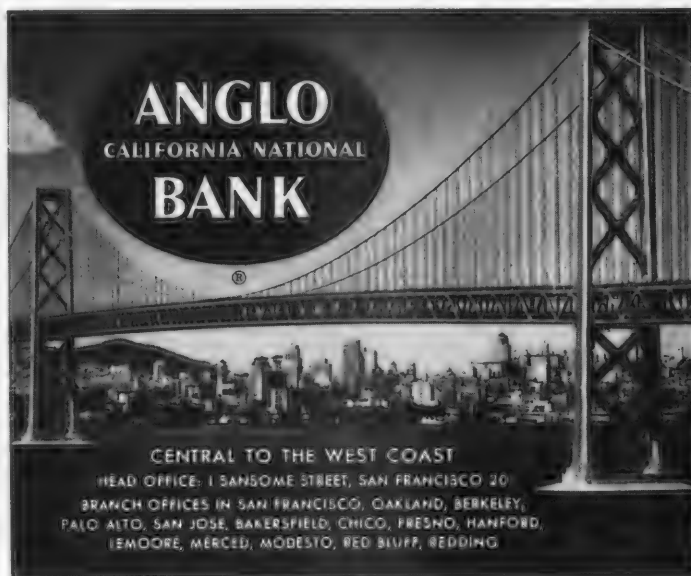
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Gentlemen: Without obligation please send me information on Cummins Perforator and coupon system.

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City.....State.....



STATEMENT OF CONDITION DECEMBER 31, 1948

ASSETS

Cash and Due from Banks	\$121,374,992.14
U. S. Government Securities	167,003,738.70
State and Municipal Securities	16,653,358.20
Other Bonds and Securities	2,193,453.46
Loans and Discounts	187,343,479.76
Accrued Income Receivable	1,445,781.53
Stock in Federal Reserve Bank	690,000.00
Bank Premises and Equipment	5,979,288.07
Other Real Estate Owned	1.00
Customers' Liability under Letters of Credit and Acceptances	13,114,640.69
Other Assets	1,279,307.19
TOTAL	\$517,078,040.74

LIABILITIES

Demand Deposits	\$269,037,469.57
Time Deposits	150,513,886.93
U. S. Government Deposits	3,426,848.83
Other Public Deposits	45,177,228.15
Total Deposits	\$468,155,433.48
Dividends Payable	562,500.00
Income Collected in Advance	1,449,360.06
Letters of Credit and Acceptances	13,235,981.69
Reserve for Future Loan Losses	1,701,396.90
Accrued Interest, Taxes and Other Expense	1,885,367.95
Capital Stock	15,000,000.00
Surplus	8,000,000.00
Undivided Profits	5,270,937.05
Reserves	1,817,063.61
TOTAL	\$517,078,040.74

Securities carried at \$65,168,618.69 are pledged to secure trust deposits, United States Government and other public deposits, as required by law.

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(CONTINUED FROM PAGE 76)

It also noted that a rich man can be guilty of theft, the question being not what he has, but "what he takes and how he takes it." And there is, said the court, "a sharp line between a bona fide intent to meet a check with presently available funds and an intent to meet it with funds to be derived from an expected event or transaction." *Rakes v. U.S.*, 169 F.Supp. 739.

PAYMENT BY CHECK

In an opinion dealing with the sale of an automobile, North Carolina's Supreme Court illustrates the effect in that state of (1) a payment by check, (2) the death of a principal on the authority of his agent, (3) transfer and delivery of a certificate of title prior to payment of the purchase price.

Plaintiffs sold their automobile at public auction to one Stevens and transferred their certificate of title to him in return for his check drawn on defendant bank.

On the next day Stevens sent the automobile to another town for resale. Later that day he committed suicide. Still later that day his agent resold the automobile.

On the third day plaintiffs presented Stevens' check to defendant bank. Payment was refused and the check was never paid.

On the fourth day defendant bank, having qualified as administrator of Stevens' estate, demanded and received of his agent the proceeds of the resale of the automobile. Plaintiffs thereupon sued the bank to recover this money.

The court first held that Stevens had never actually purchased the automobile. A sale at auction must be a cash transaction. Payment by check constitutes only a conditional payment, not a cash payment. Transfer of title to Stevens was conditioned upon payment of the check by defendant bank. Since the check was dishonored no title passed and the automobile remained plaintiffs' property.

Then, said the court, Stevens' death terminated his agent's authority. Thus the resale by the agent constituted a conversion of plaintiffs' property, and gave plaintiffs a choice of two remedies. They could sue to recover the automobile, or they could ratify the resale and sue to recover the proceeds of that sale, then in the bank's hands.

As to the certificate of title, the court granted that its transfer and delivery placed Stevens and his agent in the position of apparent owners. Thus it might be, thought the court, that plain-

tiffs would be barred from recovering the car from the second purchaser. The court merely had to think about this, however, since plaintiffs had already elected to sue for the proceeds of the resale.

Accordingly, it was held that the proceeds never had belonged to Stevens. The money was at all times the property of plaintiffs. The bank, as administrator, merely stood in Stevens' shoes. That it must hand the money over to plaintiffs, said the court, "is the only reasonable inference to be drawn from the evidence." *Parker v. First Citizens Bank & Trust Co.*, 50 S.E.2d 304.

Totten Trust

New York's Court of Appeals has held that an irrevocable trust was created when a mother delivered to her daughter a passbook for a savings bank account which the mother had opened in trust for the daughter. The circumstances surrounding delivery of the passbook were such, however, that three of the court's seven judges dissented.

The mother had been declared incompetent. There was testimony that the money in the account was the daughter's, given to the mother for safekeeping. There was also testimony that the mother had given the bankbook to the daughter, in a sealed envelope, saying in effect, "Hold this for me." The mother's guardians, in any event, agreed that the daughter's claim to the money was "justly due" and asked for a court order to turn the money over to her.

The case involved a so-called Totten Trust: a deposit by one person of his own money in his own name as trustee for another. Such a deposit, under New York law, creates a tentative trust which may be made irrevocable during the lifetime of the depositor by some "unequivocal" act, such as giving the beneficiary notice of the trust or delivering the passbook to him.

Although the majority was satisfied that an irrevocable trust had been created, the dissenting opinion discusses at some length the evidence concerning delivery of the passbook, states the rules governing Totten trusts, and concludes that the delivery was not accompanied by an intent to create an irrevocable trust within the contemplation of those rules.

It is disappointing, however, that the opinion does not discuss the evidence that the money in the account was not the mother's own money. In *re Farrell*, 81 N.E.2d 52.

STATEMENT OF CONDITION SEATTLE-FIRST NATIONAL BANK

AT CLOSE OF BUSINESS DECEMBER 31, 1948

RESOURCES

	TOTALS	
Cash and Due from Banks.....	\$184,324,969.46	
United States Government Securities.....	199,505,451.43	
Obligations of Federal Agencies.....	7,914,068.19	
State and Municipal Securities.....	49,606,136.30	
Other Bonds and Securities.....	2,324,767.84	\$443,675,393.22
Loans and Discounts.....		213,426,406.48
Federal Reserve Bank Stock.....		600,000.00
Bank Buildings, Vaults, Furniture and Fixtures, etc..		4,022,160.42
Interest Earned Not Received.....		1,308,579.07
Customers' Liability under Letters of Credit and Acceptances.....		1,669,139.33
TOTAL.....		<u>\$664,701,678.52</u>

LIABILITIES

Capital Stock.....	\$ 10,000,000.00	
Surplus.....	10,000,000.00	
Undivided Profits.....	5,794,451.28	
Reserves for Contingencies.....	5,594,228.99	\$ 31,388,680.27
Reserve for Interest, Taxes, etc.....		1,625,147.16
Discount Collected Not Earned.....		1,259,845.67
Letters of Credit and Acceptances.....		1,669,139.33
Deposits.....		628,758,866.09
TOTAL.....		<u>\$664,701,678.52</u>

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PROTECTIVE CLAUSES

From Puerto Rico comes a decision which in the long run might be termed a draw from a bank's point of view. It involves provisions of deposit slips and stop-payment orders.

Simplified, the facts of the case are as follows: Plaintiff drew a check on defendant bank in favor of one del Valle for \$1,000. del Valle came to the bank and presented the check for deposit. However, the deposit was indicated on the deposit slip as currency, rather than as a check, and del Valle did in fact request the teller to cash the check and deposit the cash.

While this was going on, plaintiff appeared at the bank for the purpose of stopping payment of the check. A bank officer ascertained that the check had not yet been charged to plaintiff's account, and then prepared a stop-payment order for plaintiff's signature.

While plaintiff was signing the order, both he and the bank officer saw del Valle at the teller's window. This apparently made no impression upon either, for plaintiff signed the order, transacted some other business and left the bank, while the officer, in turn, made no effort to give oral notice to his tellers to stop payment. Instead the

order was put through the bank's usual routine for stopping payment, in the course of which it was found that the check had been paid.

At first the bank charged back the item to del Valle and notified plaintiff that payment of his check had been stopped. Then, after del Valle's protest and on advice of counsel, the charges were reversed. del Valle was credited with \$1,000 and plaintiff charged a like amount. This time plaintiff protested.

The court resolved the arguments. First, the bank had failed to stop payment. Secondly, it had no right in any event to charge the item back to del Valle. Third, it was not liable to plaintiff for failure to stop payment.

As to del Valle, it was held that his deposit created the relationship of creditor and debtor between him and the bank. His position was legally the same as if the teller had paid the check to him in cash and then received the cash for deposit.

Thereafter, said the court, the bank had no right to avail itself of the following provision of its deposit slip: *Credit given for items drawn on or payable at this office shall be provisional subject to revocation at or before the end of the day on which deposited in the event the items are found not payable. . . .*

The bank's right to avail itself of this provision depended upon del Valle's acceptance of it. His conduct negated implied acceptance of the provision.

As to plaintiff, the stop-payment order contained a provision to the effect that the bank would not be liable if "payment be made contrary to this request, if such payment occur through inadvertence and accident." Citing Massachusetts and New York decisions, the court held that this was a valid and binding part of plaintiff's contract with the bank and exempted the bank from the effect of inattention, carelessness, oversight, mistake, or negligence.

The fact that del Valle was seen at the teller's window meant nothing, said the court, since there was no evidence that his presence was related to plaintiff's check. Plaintiff should have directed the officer's attention to it. Otherwise the officer was under no obligation to depart from the usual procedure for handling stop orders.

But, said the court, even if in this particular case the officer should have given oral notice to stop payment, his failure to do so was a mere inadvertence, covered by the provisions of the stop-payment order. *Martinez v. National City Bank of New York*, 80 F.Supp. 545, P.D., Stopping Payment §7; Collection §26:3.



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Other Organizations

State Association Plans

IN a recent interview for **BANKING**, Harry C. Hausman, secretary of the Illinois Bankers Association, stated that he believes that education is the primary function of a state bankers association.

He said that most of the work being carried on by the IBA is educational in nature and designed to make available to bankers and bank employees the latest and most up-to-date information about the field, and to inform the public of the role of the bank in the community.

In the public education field the IBA is planning this year a visual education display for third year high school students. The association will give to each high school in the state a postorama, which gives a vivid and exciting picture of the role and function of commercial banking in Illinois.

In addition to these activities the IBA's eight standing committees all hold educational meetings throughout the year. An example of this type of activity is a new program being started by the bank management committee. This committee will hold 22 meetings in various parts of the state at which the operation, functions, and methods of banking will be discussed.

The association is contemplating extending this program into an annual school on bank management, at which, in addition to instruction, bank officers

Wallace F. Bennett, left, new president of the National Association of Manufacturers, receiving the congratulations of his predecessor, Morris Sayre. Mr. Bennett is a manufacturer and a director and executive committee member, Zion's Savings Bank and Trust Company, Salt Lake City



WIDE WORLD

and employees would see exhibits and discuss with salesmen the various business machine devices available in the banking field.

Mr. Hausman said other committees all hold educational programs and meetings, also.

The IBA is set up in 72 different federations and 10 groups. Each of the groups is made up of several federations, representing at least 90 banks.

The federations hold at least four meetings each year and the groups hold at least two. All of these meetings are educational. The federation or group decides what aspect of banking it wishes to discuss and, through arrangement

with the state association, obtains the necessary speakers or discussion leaders.

Summing up, Mr. Hausman said that in his opinion these educational activities have paid off handsomely.

OREGON bankers are going all out to understand and cultivate one of their best customers—the Oregon farmer.

Under the direction of H. L. Claterbos, president of the Oregon Bankers Association, bankers of the state, farmers and agricultural experts will assemble in two one-day conventions next month for their third annual Agricultural Conference.

The conference, first of its kind to be



In the picture at left, reading clockwise from A.B.A. President Evans Woollen, Jr., chairman, Fletcher Trust, Indianapolis are: Harry C. Hausman, secretary, Illinois Bankers Association; Paul W. Albright, general secretary, Savings Banks Association of the State of New York; Wall G. Coapman, secretary, Wisconsin Bankers Association; Carroll A. Gunderson, secretary, A.B.A. Credit Policy Commission, and staff director and secretary, Small Business Credit Commission; Don H. Wageman, vice-president, Seattle-First National Bank; Kenton R. Cravens, vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis, and chairman, A.B.A. Credit Policy Commission; Walter B. French, deputy manager, A.B.A., in charge of the Consumer Credit Committee, Small Business Credit Commission and Credit Policy Commission; F. Raymond Peterson, vice-president, A.B.A., and chairman, First National Bank and Trust Company, Paterson, New Jersey

Harris Trust and Savings Bank

Organized as N. W. Harris & Co. 1882 • Incorporated 1907
115 WEST MONROE STREET, CHICAGO



Statement of Condition

December 31, 1948

Resources

Cash on Hand and Due from Banks	\$160,450,079.58
U. S. Government Securities	161,672,258.05
State and Municipal Securities	38,462,412.04
Other Bonds and Securities	11,212,870.01
Loans and Discounts	169,572,127.23
Federal Reserve Bank Stock	600,000.00
Customers' Liability on Acceptances and Letters of Credit	726,156.30
Accrued Interest and Other Resources	1,957,993.32
Bank Premises	1,700,000.00
Total	\$546,353,896.53

Liabilities

Capital	\$ 8,000,000.00	
Surplus	12,000,000.00	
Undivided Profits	7,042,267.07	\$ 27,042,267.07
General Contingency Reserve		6,754,598.95
Reserves for Taxes, Interest, Etc.		3,014,000.85
Dividend Payable January 3, 1949		240,000.00
Acceptances and Letters of Credit		726,156.30
Demand Deposits	\$458,446,446.45	
Time Deposits	50,130,426.91	508,576,873.36
Total		\$546,353,896.53

United States Government Obligations and Other Securities carried at \$48,924,701 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

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held in the western states, is an outgrowth of a meeting called in 1947 by the association's agriculture committee. It was held in connection with a conference at the Oregon State College in Corvallis.

Bankers and farmers discovered such a mutual interest that the two 1-day conference schedule was adopted for 1948. This course was prompted to meet the diversified agricultural problems of eastern and western Oregon.

East of Oregon's Cascade mountain barrier, banker-farmer problems deal with huge wheat crops, livestock ranches, grazing and timber lands.

The west slope has an entirely different agricultural picture, with dairy herds, soft fruits, nuts, flax, hops, and flood control providing joint problems.

Under stimulus of two years' success, President Claterbos appointed two subcommittees to work out an even more extensive program this year.

The western conference will be held, March 15, in Portland.

Eastern Oregon bankers and farmers will get together in Bend, March 25.

Theme of the western conference will be: "What are farm trends in dairying,



Among the bankers who are furthering the program of the Michigan Bankers Association are, left to right: William Warmington, first vice-president of the MBA and president, State Bank of Escanaba; Harold B. Asplin, second vice-president and chairman of the bank study conference committee, and vice-president, National Bank of Detroit; Ira A. Moore, past-president and member of the executive council, chairman of the advisory committee of the Central States School of Banking and president, Peoples National Bank, Grand Rapids

turkeys, beef cattle, and farm woodlands."

Shifting of beef cattle from eastern Oregon to the west slope for fattening and conservation of farm woodlands are two new developments in western Oregon agriculture.

Farmers long have considered timber as something to be cleared for the plow.

Bankers now regard the cost of clearing excessive when compared to average

land values. They also see a greater value in maintaining farm woodlands as a definite asset to the farmer.

In addition to agricultural advice on new developments, bankers and farmers will consult on dairy credit, financing beef cattle enterprises and turkey loans.

This year's theme for eastern Oregon's conference deals with "Conservation and use of eastern Oregon agricultural resources."

Soil conservation through grazing controls, management of sagebrush and cheat grass lands, plus range livestock credit make up some of the topics to be reviewed by experts and talked over in panel discussions.

Elwain H. Greenwood, secretary of the Oregon Bankers Association, said the agriculture conferences are patterned after similar conferences held in the east. Oregon, however, is the first state to foster farmer-banker relations through this medium west of the Rockies.

Mr. Greenwood said: "The most noticeable thing is the growing attendance and interest in the conference. Virtually every bank in the state was represented last year.

"What we are trying to do is to educate the bankers on problems confronting the farmers, who are directing the number one industry of Oregon."

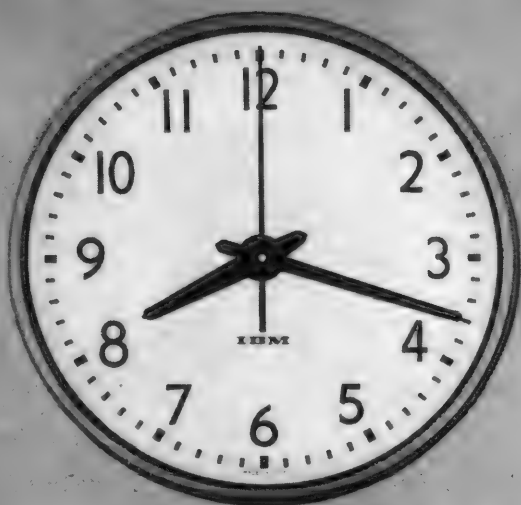
ANDREW MILLER, executive secretary of the Washington Bankers Association in Seattle, says the association is not planning any new undertakings but is continuing two projects already underway for several years.

One project is the Pacific Coast Banking School, now in its 11th year. This year the 14-day resident session at the University of Washington, Seattle, will be held August 22 through September 2.

The school is limited to 150 bank officers from 11 Western states and has a long waiting list. An admissions com-

The Eastern Secretaries Conference as it met recently in New York. The secretaries are shown here listening to A.B.A. Deputy Manager William Powers discuss the Wage-Hour Act as it applies to banks (see page 36). Clockwise from Mr. Powers (back to camera) are Albert L. Muench, secretary, New York State Bankers Association; Nute B. Flanders, executive secretary, Savings Banks Association of New Hampshire; Sidney S. Ayres, executive secretary, Massachusetts Bankers Association; Frederick R. Knauff, president, Maine Bankers Association, and president, Federal Trust Company, Waterville; Harry M. Nelson, executive manager, Savings Banks Association of Maine; Curtis C. Chase, secretary, New Hampshire Bankers Association, and trust officer, Merchants National Bank, Manchester; Gilbert R. Moyer, secretary-treasurer, Delaware Bankers Association, and assistant treasurer, Wilmington Trust Company; Percy B. Menagh, executive secretary, Savings Banks Association of New Jersey; George C. Fernald, secretary-treasurer, Maine Bankers Association; George R. Amy, A.B.A. deputy manager in charge of the Country Bank Operations Commission; Kingsland D. Weed, executive secretary, Vermont Bankers Association; assistant secretary Perkins of the Savings Banks Association of Massachusetts; Harold W. Roberts, executive secretary, Savings Banks Association of Connecticut; Kenneth McDougall, executive manager, Savings Banks Association of Massachusetts; F. Raymond Peterson, vice-president, A.B.A., and chairman of the board, First National Bank and Trust Company, Paterson, New Jersey; and William T. Wilson, A.B.A. deputy manager and secretary, State Association Section





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February 1949

mittee sets up qualifications and admits from 50 to 60 persons each year. The course is for a 3-year period and includes heavy extension work between the school sessions, with intensive night and day classes. This year's curriculum is not yet available.

The second project undertaken is the Western Study Conference. The conference has been run annually since 1938 and will be held this year at the State College of Washington at Pullman, April 7-9. Approximately 200 to 300 delegates (bank officers) are expected. The conference studies current activities in economics and banking.

Sound Credit

Most state bankers associations are now actively engaged in programs to keep bank credit sound during the present period of adjustment, according to Kenton R. Cravens, chairman of the Credit Policy Commission of the American Bankers Association and vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis, Missouri.

The state programs are being carried on in cooperation with the A.B.A. Credit Policy Commission, which, last December, sponsored the National Credit Conference in Chicago, Illinois,

to appraise present economic conditions and adopt a credit program for banks for 1949.

As an example of the type of work being done by the state associations, Mr. Cravens cited the program of the Wisconsin Bankers Association and the program adopted by the newly created lending practices committee of the Washington Bankers Association. The latter program follows:

1. Objectives of the Committee

a. To encourage Washington bankers to see that bank credit shall be made available to every competent individual, firm, or corporation needing it for constructive purpose;

b. To stimulate the thinking of Washington bankers and to encourage institutional self-analysis which will result in the adoption of sound lending practices by the members of the association;

c. To bring to the attention of Washington bankers such information as may substantially affect sound lending practices in the light of economic conditions as they may develop from time to time.

2. Scope of Activity

a. Cooperate with Credit Policy Commission of the American Bankers Association;

b. Distribute timely information to members through the association office;

c. Cooperate with association staff in furnishing speakers for conventions or group meetings or to appear before other groups with a message appropriate to the "objectives" just adopted.

Evan M. Johnson has recently become executive director of the National Association of Bank Auditors and Comptrollers. He came to the NABAC, of which he was president in 1935-36, from the Capital National Bank of Sacramento, California

THE TRUCKING FIRMS IN YOUR COMMUNITY ARE Important Links IN THIS CHAIN!

These truck operators, whether they own one, fifty, or a hundred trucks, are but part of a gigantic industry. They, like thousands of others in America, are engaged in a "primary business". . . hauling goods for compensation.

The trucking industry is the *connecting link* between all other forms of transportation. From farms, forests and mines to plants and factories—to wholesalers, retailers, and homes—every step of the way becomes a vital job for trucking. But have you ever stopped for a minute to consider this:

Your local merchants, farmers and manufacturers know first hand about trucking. They'll tell you that every time a truck wheel turns, their dollars bring more: go farther. *Without trucks, Main Street, even Wall Street, would find it hard to exist!*

America's second largest industry—founded upon the same enterprise as displayed by the truck operators in your community—warrants your immediate attention. The banking opportunities are varied and numerous, and are backed by *sound men* . . . the men of the trucking industry.

* Write for a free copy of "Motor Carrier Equipment Financing" for an intimate understanding of America's Major Transportation System.



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KNOW..**

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That 89% of live poultry received at Chicago, for example, arrives by truck?



THE AMERICAN TRUCKING INDUSTRY

AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON 6, D. C.



BANKING

3. Fields of Activity

- a. Income on earnings assets;
- b. Credit yardsticks as related to general business conditions;
- c. Credit controls and reserve requirements;
- d. Relationship of risk assets to capital funds and/or deposits;
- e. Real estate mortgage loans;
- f. Agricultural loans;
- g. Commercial loans;
- h. GI loans.

Recommendations of the Wisconsin Bankers Association's credit council were distributed at the conference by Wall G. Coapman, secretary.

One feature of the conference was a luncheon attended by 80 representatives of state bankers associations, at which support was pledged for the program. A picture taken at the luncheon appears on page 82.

Eastern Secretaries

Percy B. Menagh, executive secretary of the Savings Banks Association of New Jersey, was elected president of the Eastern Secretaries Conference at its meeting in New York. Sidney S. Ayers, executive secretary of the Massachusetts Bankers Association, was elected vice-president, and Nute B. Flanders, executive secretary of the Savings Banks Association of New Hampshire, was reelected secretary-treasurer.

The conference consists of the secretaries of savings and commercial bankers associations in the eastern states.

W. C. Blewster is now president of the Arkansas Bankers Association, having advanced from the vice-presidency upon the resignation of Shelby Ford, president of the First State Bank, Springdale. Mr. Blewster is president of the First National Bank, Magnolia



February 1949

STATEMENT OF CONDITION



At the Close of Business
December 31, 1948

RESOURCES

Cash and Due from Banks	\$ 96,168,011.32	
United States Government Obligations	137,105,091.58	
Obligations of U. S. Government Agencies	11,035,233.57	\$244,308,336.47
State, County and Municipal Securities		16,399,982.17
Other Bonds		215,924.88
Loans and Discounts		101,149,582.67
Federal Reserve Bank Stock		300,000.00
Banking Houses and Equipment		2,141,140.67
Other Real Estate		12,074.00
Interest Earned—not collected		746,604.49
Other Resources		20,974.62
Customers' Liability under Letters of Credit and Acceptances		247,896.39
		<u>\$365,542,516.36</u>

LIABILITIES and CAPITAL

Deposits	\$343,549,590.33
Unearned Income	710,421.97
Liability under Letters of Credit and Acceptances	252,236.39
Reserves for Accrued Expenses, Interest and Taxes	862,977.36
Capital	\$ 3,000,000.00
Surplus	7,000,000.00
Undivided Profits	5,428,587.87
Reserves for Contingencies	4,738,702.44
	<u>20,167,290.31</u>
	<u>\$365,542,516.36</u>

NATIONAL BANK OF COMMERCE of Seattle

Offices at ABERDEEN, ALMIRA, BELLINGHAM, BREMERTON, BREWSTER, CAMAS, CENTRALIA, COULEE CITY, EDMONDS, ELLENSBURG, ELMA, GOLDENDALE, ILWACO, KENNEWICK, LA CONNER, LONGVIEW, MONTESANO, OLYMPIA, SEATTLE, VANCOUVER, WAPATO, WATERVILLE, WENATCHEE, YAKIMA and ZILLAH

Member Federal Deposit Insurance Corporation

THE DETROIT BANK

Condensed Statement of Condition

December 31, 1948

RESOURCES

Cash and Due from Banks.....	\$114,788,080.47
United States Government Obligations.....	291,492,251.57
(Due or Callable within one year \$73,115,721.46)	
(Due or Callable 1 to 5 years \$159,050,412.10)	
State and Municipal Securities.....	7,373,678.75
(Due within 5 years \$4,221,515.85)	
Corporate and Other Securities (Including Detroit Savings Safe Deposit Company Stock \$100,000).....	15,013,472.60
(Due within 5 years \$10,934,209.86)	
Loans and Discounts.....	59,724,819.69
Real Estate Mortgages and Loans.....	61,733,084.24
Federal Reserve Bank Stock.....	435,000.00
Bank Properties and Equipment.....	2,734,905.51
(Main Office and Thirty-Two Branch Offices)	
Accrued Interest and Prepaid Expense.....	1,896,088.32
Customers Liability on Acceptance and Credits.....	1,366,515.93
Other Assets.....	89,320.79
Total.....	<u>\$556,647,217.87</u>

LIABILITIES

Demand Deposits:	
Individuals, Corporations and Others.....	\$234,101,794.04
U. S. Government.....	10,254,889.36
Other Public Funds.....	<u>17,214,923.82</u>
Savings Deposits.....	269,535,650.56
Total Deposits.....	<u>\$531,107,257.78</u>
Unearned Interest.....	717,500.00
Accrued Dividends, Expenses and Other Liabilities.....	1,008,658.62
Acceptances and Letters of Credit.....	1,366,515.93
Preferred Stock (150,000 Shares).....	\$ 3,000,000.00
Common Stock (225,000 Shares).....	4,500,000.00
Surplus.....	7,000,000.00
Preferred Stock Retirement Provision.....	3,000,000.00
Undivided Profits.....	3,012,959.91
General Reserves.....	<u>1,934,325.63</u>
Total.....	<u>\$556,647,217.87</u>

United States Government Securities in the foregoing statement with a par value of \$15,365,000.00 pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$1,012,602.66.

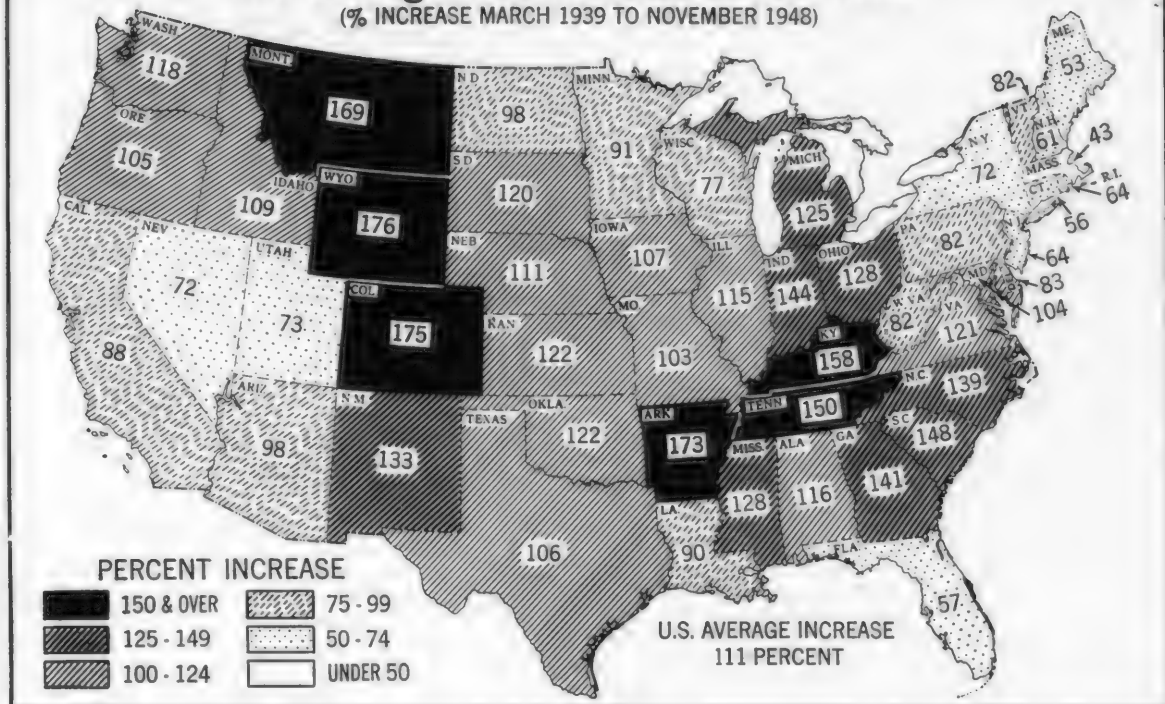


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33 OFFICES THROUGHOUT THE CITY
MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION

Percentage Rise in Farm Land Prices

(% INCREASE MARCH 1939 TO NOVEMBER 1948)



8% Land Price Increase

(CONTINUED FROM PAGE 62)

about 40 percent higher in Kentucky, California, New Jersey, and Connecticut.

Farmers and country bankers know that when prices in general start to recede those on farm commodities tend to drop faster than those on things which farmers buy. Farm commodity prices declined 13 percent in 1948, whereas the prices paid by farmers decreased only 1.6 percent. The ratio of prices received to prices paid, including interest and taxes, is now 109 percent. This is down from 122 percent in January 1948. The high was 133 percent in October 1946. Bankers and farmers alike should be thoroughly informed about

markets and price levels prevailing in their communities.

The Agricultural Commission has kept A.B.A. members informed about the farm land price situation through the regular issuance of Farm Land Price bulletins and has urged bankers to study land prices and what's happening in their own communities, and to know about the local factors and conditions that have had an unusual effect upon the market of farm land.

Because they understood the situation, country bankers have influenced farmers to keep in a sound financial position and not to go in debt to purchase land at high prices. The influence of country bankers is reflected in today's sound condition where mortgage debt is less than one-half what it was following World War I, with farm income more than twice what it was at that time.

CALENDAR

American Bankers Association

- | | |
|------------|---|
| Feb. 7-9 | Mid-Winter Trust Conference, Waldorf-Astoria, New York, N. Y. |
| Mar. 14-15 | Annual Savings and Mortgage Conference, Hotel Statler, New York, N. Y. |
| Mar. 29-31 | National Consumer Instalment Credit Conference, Hotel Jefferson, St. Louis, Mo. |
| Apr. 4-5 | Western Savings and Mortgage Conference, Hotel St. Francis, San Francisco, Calif. |
| Apr. 24-26 | Executive Council, French Lick Springs Hotel, French Lick, Ind. |
| May 30- | A.I.B., Annual Convention, Hotel Multnomah, Portland, Ore. |
| June 3 | Graduate School of Banking, Rutgers University, New Brunswick, N. J. |
| June 20- | |
| July 7 | |
| Oct. 30- | |
| Nov. 2 | Annual Convention, San Francisco, Calif. |

State Associations

- | | |
|-----------|--|
| Feb. 9-11 | Missouri, Bankers Conference, University of Missouri, Columbia |
| Feb. 10 | Kansas, Trust Conference, Broadview Hotel, Emporia |

- | | |
|------------|--|
| Apr. 8-9 | New Mexico, Hilton Hotel, Albuquerque |
| Apr. 9-12 | Florida, Columbus and McAllister Hotels, Miami |
| Apr. 13-15 | Georgia, Sheraton Bon Air Hotel, Augusta |
| Apr. 24-26 | Louisiana, Buena Vista Hotel, Biloxi, Miss. |
| May 2-3 | North Carolina, The Carolina, Pinehurst |
| May 5-6 | Oklahoma, Mayo Hotel, Tulsa |
| May 6-7 | South Dakota, Alonzo Ward Hotel, Aberdeen |
| May 9-10 | Maryland, Hotel Traymore, Atlantic City, N. J. |
| May 9-10 | South Carolina, Ocean Forest Hotel, Myrtle Beach |
| May 9-11 | Missouri, Hotel Muehlebach, Kansas City |
| May 10-11 | Tennessee, Hermitage Hotel, Nashville |
| May 11-12 | Indiana, Claypool Hotel, Indianapolis |
| May 12 | Delaware, Wilmington Country Club, Wilmington |
| May 12-13 | Massachusetts, New Ocean House, Swampscott |
| May 12-14 | New Jersey, Hotel Traymore, Atlantic City |

Other Organizations

- | | |
|------------|---|
| Feb. 24-25 | Mortgage Bankers Association of America, First Regional Clinic, Drake Hotel, Chicago, Ill. |
| April 4-5 | Mortgage Bankers Association of America, Second Regional Clinic, Hotel Commodore, New York City |
| May 12-14 | National Association of Mutual Savings Banks, Hotel Statler, Washington, D. C. |

BANKING NEWS

Four Instructors Appointed to G.S.B. Faculty; 950 Students Expected at '49 Session in June

Graduating Class Will Be Largest in History

Appointment of four new instructors to the faculty of The Graduate School of Banking has been announced by Dr. Harold Stonier, director of the school. The new faculty members will take over their duties with the convening of the 15th resident session of the school, which opens on June 20 and continues through July 2. The new instructors are:

Clyde S. Casady, executive vice-president, Savings Banks Life Insurance Council, Boston, who will teach savings bank life insurance in the Savings Management and Real Estate Finance department. Mr. Casady received his bachelor's degree from the University of Iowa and his master's from Tufts College.

Thomas F. Glavey, assistant cashier, The Chase National Bank, New York, will lecture on various aspects of liability insurance before classes in Commercial Banking VI. He holds the LL.B. and LL.M. degrees from St. John's University.

A. Paul Thompson, cashier, Central National Bank of Cleveland, will teach operation and control in the Commercial Banking IV classes. Mr. Thompson received the A.B. degree from Ohio Wesleyan University and the LL.B. degree from Cleveland Law School. He is a certified public accountant and a graduate of The Graduate School of Banking.

Albert Wagenfuehr, chairman, executive committee, The Boatmen's National Bank, St. Louis, will lecture on credits to Commercial Banking V students. He is a graduate of the American Institute of Banking and of The Graduate School of Banking, and contributed the chapter on "Credit Ethics" to the Robert Morris Associates publication, *The Credit Department, A Training Ground for the Bank Loan Officer*.



Mr. Wagenfuehr



Mr. Casady

Again this year, the Graduate School will admit around 950 students, the limit of its capacity. The Committee on Admissions now has before it many more applications for admission from qualified men than can be accepted. In making the selection of those to be

(CONTINUED ON PAGE 91)

Spring Meeting of Association's Executive Council to Be at French Lick, Apr. 24-26

The annual spring meeting of the Executive Council of the American Bankers Association will be held at French Lick Springs Hotel, French Lick, Ind., April 24-26, it is announced by Evans Woollen, Jr., A.B.A. president, and chairman of the Fletcher Trust Company, Indianapolis.

The Council meets twice a year—in April and again during the general convention in the fall. It is the governing body of the Association, second only to the general convention, and consists of the officers of the Association; the president and vice-president of each of

Credit Conference Text

The full text of the proceedings of the National Credit Conference held in Chicago last December under the sponsorship of the Credit Policy Commission of the American Bankers Association is now available to member banks at a nominal charge. Every phase of bank lending was covered by leading credit authorities at this conference.

Country Bank Group to Meet in Omaha, Apr. 4-5

Members of the Country Bank Operations Commission of the American Bankers Association will review projects completed during the past year, discuss work now in progress, and make plans for future projects at a meeting in Omaha, Apr. 4 and 5. Richard W. Trefz, president, Beatrice (Neb.) State Bank, is chairman of the Commission.

Among the Commission's projects recently completed or now in progress are studies of cost analysis and service charges in small nondepartmentalized banks, cost trends in banks, farm mortgage lending, bookkeeper efficiency, reserve method for treating bad debts, simple block proof method, and smaller bank investment policies.

its six divisions and sections; the chairmen of the commissions; representatives elected by the A.B.A. members; and 12 members-at-large appointed by the Association president.

Several of the Association's working committees, commissions, and councils, together with officers of its divisions and sections, will meet in French Lick at the same time.

Hotel application forms for the meeting will be sent to members of the official family later in February. The hotel will accept only applications received on the official A.B.A. blank.

Eastern Banks' Savings, Mortgage Session to Be in New York Next Month

March 14-15 Are Dates of A.B.A. Conference

Bankers in New England, New York, New Jersey and Pennsylvania have been invited to attend the annual Savings and Mortgage Conference of the Savings and Mortgage Division of the American Bankers Association at the Hotel Statler (formerly Hotel Pennsylvania) in New York on March 14-15.

In extending the invitation, William A. Marcus, Division president, who is senior vice-president of the American Trust Company, San Francisco, said that leading authorities will discuss various methods of meeting problems of lending in a high real estate market.

"Suggestions also will be made as to what bankers should do with respect to the housing shortage," said Mr. Marcus. "New government aids and interferences in this field will be clarified."

Investment Program

The program will include an "Investment Committee in Action," which will develop a bond investment program.

In the field of operations, developments which require the attention of policy-making officers and operating men will receive attention. These will include consideration of club accounts, current proposals to eliminate passbooks, and the adoption of more economical and possibly more efficient teller operations.

"Following our successful experience last year," Mr. Marcus said, "20 staff experts who work directly on savings banking or mortgage lending will be available for consultation on individual problems. Although facilities will be provided at registration headquarters for making appointments, we urge those expecting to attend the conference to make their appointments in advance."

Revised National Bank Manual to Be Out Soon

Covers Laws on Their Loans and Investments

The "Manual of Laws Relating to Loans and Investments of National Banks" is being revised by the National Bank Division of the American Bankers Association and will be ready for distribution within a few weeks.

The manual is designed primarily as an aid to lending and investment officers of national banks. It contains pertinent sections of the National Bank Act and includes essential regulations and rulings of supervisory officers and germane portions of other statutes and comment important in the work of these officers. The revision now being made will include features which have become important in the lending and investment policies of national banks, particularly changes in the laws and regulations previously carried.

GI Act Title III

Among the numerous incidental statutes included in the manual—those applicable to all classes of banks—is Title III of the Servicemen's Readjustment Act relating to loans for the purchase or construction of homes, farms and business property. To this are added the interpretations issued by the Comptroller of the Currency.

W. W. Campbell, president, National Bank of Eastern Arkansas, Forrest City, and Edgar E. Mountjoy, deputy manager of the A.B.A., are president and secretary, respectively, of the National Bank Division.

VA 1948 Regulations

The Veterans Administration is preparing a handbook of regulations and procedures that will show changes made during 1948 that affect bank loans to veterans.

The Committee on Service for War Veterans of the American Bankers Association is following the book's progress closely and will expedite its distribution so that banks may have it at the earliest possible date.

New Members

Thirty-five banks in 17 states and Canada became members of the American Bankers Association in December, reports the Organization Committee. The Guaranty Trust Company of Canada, Toronto, and its branches in Ottawa and Windsor, and the Canada Permanent Trust Company's Vancouver office are the new Dominion members.

Four Instructors Named to Faculty of G.S.B.

(CONTINUED FROM PAGE 90)

admitted in 1949, the committee will attempt to strike a proper balance with respect to geographical location, ratio of students admitted to the four principal majors, the distribution of students as between large and small banks, and the types of banking institutions represented. In getting this balance, some men who are well qualified for admission to the G.S.B. in 1949 of necessity will have to wait over until 1950 for admission.

Annually since its founding in 1935, Graduate School resident sessions have been conducted by the American Bankers Association at Rutgers University in New Brunswick, N. J. During the interval between sessions, students are assigned practical problems relating to banking. Grades on these problems are important factors in arriving at students' final scores.

Largest Senior Class

In June 1949 the G.S.B. will graduate the largest senior class in its history due to the enlargement of its facilities in 1947 to take care of the pent-up demand for admission following the war. In addition, a number of men who previously had to drop out for one reason or the other, are returning to the school this year to complete their courses. The Class of 1949, according to Registrar William Powers, has had an unusually low withdrawal rate.

It is expected that 300 freshmen will enter this year. The annual faculty conference is scheduled for March 19 at the Biltmore Hotel in New York City.

G. E. Fitzgerald Named Librarian of A.B.A.

Appointment of Gertrude E. Fitzgerald as librarian of the American Bankers Association has been announced by Executive Manager Harold Stonier.

Miss Fitzgerald, a member of the A.B.A. staff for the past 12 years, was assistant librarian for nine years and subsequently research assistant to the economist of the Association. She holds a B.S. degree in business administration from the New York University School of Commerce, Accounts and Finance, and has taken other courses in connection with library and research techniques and administration. She is a member of the Special Libraries Association.

The A.B.A. library is one of the most complete financial libraries in the United States. Established in 1911, it now includes over 14,000 books; approximately 450 current financial periodicals and bank letters; thousands of pieces of file material on 1,700 subjects; and is the depository for 410 Graduate School of Banking theses.

New Bank Ad Series Released by A.B.A.

New bank advertising material for 1949 released by the Advertising Department of the American Bankers Association includes three 18-ad newspaper series on savings, auto loans, and checking accounts, and three direct mail folders, each featuring one of these services.

Through interwoven copy and illustration, the newspaper ads drive home basic selling

One of the new ads

ONLY A RIVET

but 10,000,000 rivets, put together, built the mighty hull of the QUEEN MARY

ONLY A DOLLAR

but many dollars, deposited regularly at this bank, can help you build security, and have the other good things you want.

35A-1

A.B.A. Mailings

During January the A.B.A. mailed material as follows to the groups indicated:

AGRICULTURAL CREDIT: Annual survey on agricultural loans made by banks during 1948, with covering letter and copies of survey form, to all country banks, Agricultural Commission, Subcommittee on Agricultural Credit of Federal Legislative Committee, and to state secretaries.

BANK MANAGEMENT: Letter on deferred posting and delayed return of unpaid items, to all member and nonmember banks and to state secretaries.

Letter on discontinuing canceling endorsements, to all member and nonmember banks, also to state secretaries.

CREDIT POLICY: Letter outlining program of the Credit Policy Commission for 1949, and details of the cooperating program of the Washington and Wisconsin bankers associations, to state secretaries.

PUBLIC RELATIONS: Booklet No. 2 in the A.B.A. public relations series for bank management, entitled "There's News In Your Bank," to member banks and state secretaries.

ideas. The savings ads draw analogies between such industrial feats as the rivet-by-rivet construction of a ship and the accumulation of savings for the good things in life by consistent deposits in a bank.

The savings folder presents an easy formula for accumulating savings.

Study of 225 Trust Ads Made by Stephenson

A study of 225 trust advertisements of 86 banks in 51 cities has been made by Gilbert Stephenson, director, Trust Research Department of The Graduate School of Banking.

This is a study of the finished advertisement and is not intended as a guide to technical procedures. It discusses the size, location, day of appearance, illustration, heading, and message of the ads.

Mr. Stephenson offers several findings and suggestions.

The study was published in the January issue of the *Trust Bulletin*.

A.I.B. Selects Public Relations as Theme of 1949 Giannini Contest

Finals at Convention in Portland, May 30

Public speaking contests within American Institute of Banking chapters looking toward participation in the National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes at the A.I.B. convention in Portland, Ore., next May will be on the general theme of public relations.

The final contest will be held in Portland on May 30 as part of the Institute's national convention. Each stage of the contest program will have a specific aspect of the general theme for subject material. The topic for chapter contests is being announced Feb. 1; the topic for district contests Apr. 1; and the subject for the final contest will be given to the contestants at Portland.

District Contests

For purposes of the contest, the country is divided into eight districts. Each chapter is entitled to send one contestant to the respective district contest, where competitors for the final will be determined. This year's district competitions will be held in Rochester, N.Y.; Washington, D. C.; Chattanooga; Indianapolis; Winona, Minn.; San Antonio; Santa Barbara, Cal.; and Spokane, Wash.

The winners of these will speak at the convention for prizes of \$500 for first place; \$300 for second; \$200 for third; and \$100 for fourth. The prizes are provided by the A. P. Giannini Educational Endowment.

The contests have been held annually since Mr. Giannini, then president and now founder-chairman of the Bank of America N.T. & S.A., presented the A.I.B. with an endowment in 1926.

The contest is supervised by the A.I.B. National Public Speaking Committee under the chairmanship this year of Francis G. Stradcutter, The Bank of California National Association, San Francisco.

Taylor Nominated for Institute Presidency

Three Candidates for Council Also Proposed

Hartwell F. Taylor, assistant vice-president of The Bank of Virginia, Richmond, has been nominated for the presidency of the American Institute of Banking for the year 1949-1950.

Mr. Taylor, currently A.I.B. vice-president, has been a member of the Institute since 1928. He holds the graduate certificate in commercial and trust banking, has taught several chapter classes, and served on the A.I.B. Executive Council as well as an associate councilman. He was nominated for the presidency by Richmond Chapter in which he has held a number of offices.

Council Nominees

Three men have thus far been nominated for the four Executive Council posts that will become vacant this year. Detroit Chapter has named J. Ralph Wagner, cashier, National Bank of Wyandotte, Mich., who has been chapter president, an instructor, a member of several national committees, and is finishing a second term as an associate councilman.

Stetson B. Harman, trust officer of the First Trust & Savings Bank, Pasadena, is Pasadena Chapter's candidate. An associate councilman for Southern California, Mr. Harman has been chapter president, and a member of the Institute's National Public Speaking Committee.

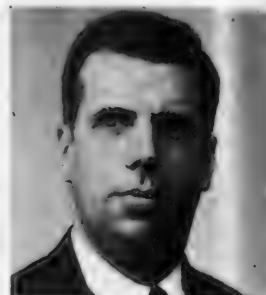
The third candidate, nominated by New Orleans Chapter, is A. E. Roemershauser, assistant cashier of the Whitney National Bank of that city. Mr. Roemershauser has been chairman of the National Forum and Seminar and the National Public Speaking committees, and a member of several national committees of the Institute.

The A.I.B. national officers and councilmen will be elected at the national convention to be held in Portland, Ore., May 30-June 3 at the Multnomah Hotel.

These Four Are Candidates for A.I.B. Offices



Hartwell F. Taylor



J. Ralph Wagner



Stetson B. Harman



A. E. Roemershauser

A.I.B. Curriculum Is Reviewed by Council

Executives' Midwinter Session in Houston

Executive Committee members and national officers of the American Institute of Banking were guests of Houston Chapter of the Institute during the Council's annual midwinter meeting in Houston, Tex., on Jan. 25-29.

The Council foregathers twice a year to examine and to make necessary changes in the curriculum of the A.I.B. This is important to insure that courses of study offered through chapters, study groups, and correspondence keep pace with changing managerial and operating conditions in the banks and are meeting the needs of the country's bank employees.

Report on British Institute

A feature of the Houston meeting was a report on the British Institute of Bankers prepared for the Council by Dr. William A. Irwin, economist of the American Bankers Association and formerly national educational director of

the Institute. While in Europe last Summer, Dr. Irwin made a study of the postwar activities of the British Institute. One of its interesting developments is an international summer school held at Oxford University and covering a wide range of subjects. Last summer 108 students from 31 countries attended the school.

Present at Meeting

Those attending the Houston meeting of the Executive Council were:

National Officers—President Pierre N. Hauser, Milwaukee; Vice-president Hartwell F. Taylor, Richmond; Educational Director Leroy Lewis; Secretary Floyd W. Larson; and Associate Secretary Robert C. Rutherford.

Executive Councilmen—Garrett A. Carter, Atlanta; Alton P. Barr, Birmingham; Walter D. Behnke, Grand Rapids; Clarence W. Brown, Sacramento; Christian Ries, Minneapolis; Edward J. Damstra, Chicago; Theron D. Elder, Oklahoma City; George E. Levine, Providence; Byron A. Wilson, Denver; Joseph F. Cornelius, Spokane; Albert H. Gabel, Utica; W. Frank Phillips, Charlotte; and Martin J. Travers, Niagara Falls.



Lower Production Costs

A group of Wisconsin farmers increased their net incomes \$200 to \$400 by replacing that last team with power, and giving the horse feed to additional dairy cows.

Good old Dobbin and Nellie just can't match the efficiency of the new Allis-Chalmers Model G tractor. It "eats" only 2 to 3 quarts of fuel per hour — and then only when it works.

A push on the starter and the Model G is ready to haul grain and hay to the bunks, power the grain elevator, pump water, give a busy-

season "assist" for plowing or cultivating, provide the ideal power for jobs like corn planting, mowing and raking.

Any one of the many matched implements can be attached or detached as fast or faster than hitching up a team.

Engine in rear and implements up front increase operator efficiency; also give tractor surprising power.

The Model G provides the farmer with a new type of more economical farm power. It's the ideal tractor for some jobs on *all* farms, and *all* jobs on some farms.

MODEL G REAR-ENGINE TRACTOR 2-WAY PROFIT MAKER

Cheaper to keep than a team of horses. Releases valuable team feed for productive livestock.

ALLIS-CHALMERS
TRACTOR DIVISION • MILWAUKEE 1, U. S. A.

Second Study in Public Relations Series

"There's News in Your Bank" Title of A.B.A. Study

LESTER GIBSON

The author is director of the News Bureau of the American Bankers Association and was the principal contributor to the There's News in Your Bank manual.

APPARENTLY the press is still a romantic mystery to many. Any play or moving picture portraying the supposedly uninhibited life in a newspaper office is a sure-fire hit. The *Front Page* is still remembered with enthusiasm. It has a niche in the hall of fame alongside such immortals as *Show Boat* and *The Mikado*.

Many people like to boast of their acquaintanceship or their friendships with newspaper people. Some like to pretend that they have "an inside track" to newspaper offices and, therefore, have the "inside dope." It's a little bit like the pride that arises out of a personal acquaintanceship with such V.I.P.'s as the mayor, the governor, or even the President himself.

The press is still a mystery to many people who seem to regard it somewhat as an unpredictable institution, the understanding of which is beyond their "ken." At the same time, it is the source of much curiosity to them.

Perhaps these are among the reasons many people, or at least so many bankers, shy away from newspapers and fail to make use of this important vehicle for imparting information to the population of their communities.

WELL, this is an age of public scrutiny, in which business is required to report certain information about its affairs to public agencies. This assumes that the public has a right to know. Indeed, it may be interpreted as meaning that the public wants to know. If this is so, it is important that management recognize not only the responsibility but also the opportunity to keep the public well informed.

There are various ways in which this can be done. The first of these, of course, is advertising in its varying forms. But there is another medium just as readily available and just as effective. It is the intelligent use of the news columns of the newspapers and the newscasts of the radio. The news

Cover page of the A.B.A.'s new public relations manual, "There's News in Your Bank"

"... Perhaps the greatest single reason why bankers do not make more use of the publicity opportunities available to them is the fact that they are not always aware of what is news in a bank. . . ."

about banks is just as important as the advertising of the services of banks in giving the public an understanding of them.

For the reasons hinted at above, and others, many banks are not availing themselves of this valuable channel of communication. Perhaps the greatest single reason why bankers do not make more use of the publicity opportunities available to them is the fact that they are not always aware of what is news in a bank. A second may be that they are not familiar with the technique of presenting their news to the newspapers in their communities.

Whatever the reasons, the Public Relations Council of the American Bankers Association believes that something should be done to emphasize the importance of news publicity as a part of the public relations of banks, to provide banks with practical assistance which will help them to understand

There's News in Your Bank

*A handbook on
publicity for banks*



NUMBER 2 IN A.B.A. PUBLIC RELATIONS SERIES

publicity, to recognize news, and, then, how to handle it.

To that end, the A.B.A. News Bureau has prepared a manual called *There's News in Your Bank*.

This is the second in the series of public relations studies which the American Bankers Association's Public Relations Council is making a part of its program of education in the field of public relations. The first, published last autumn, was *Planned Public Relations*. It was an over-all study which outlined the elements of a planned public relations program for a bank, and the means available for building better relations with the public. This new one deals with the building of better relations with the public through newspaper and radio publicity.

In it, the News Bureau makes a distinction between advertising and publicity. "There are other ways of in-

(CONTINUED ON PAGE 96)

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MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business December 31, 1948

RESOURCES

Cash and Due from Banks	\$ 722,470,034.85
U. S. Government Securities	970,586,260.96
U. S. Government Insured F. H. A. Mortgages	4,247,932.98
State and Municipal Bonds	24,675,711.28
Stock of Federal Reserve Bank	3,037,500.00
Other Securities	17,660,937.62
Loans, Bills Purchased and Bankers' Acceptances	605,911,890.75
Mortgages	17,989,747.36
Banking Houses	10,185,396.83
Other Real Estate Equities	377,695.40
Customers' Liability for Acceptances	5,764,166.59
Accrued Interest and Other Resources	6,869,345.71
	<u>\$2,389,776,620.33</u>

LIABILITIES

Capital	\$41,250,000.00
Surplus	60,000,000.00
Undivided Profits	28,316,108.90
Reserve for Contingencies	\$ 129,566,108.90
Reserves for Taxes, Unearned Discount, Interest, etc.	8,538,607.44
Dividend Payable January 3, 1949	4,269,196.87
Outstanding Acceptances	1,237,500.00
Liability as Endorser on Acceptances and Foreign Bills	6,274,061.43
Cash held as Collateral or in Escrow	2,722,584.87
Deposits	13,785,683.10
	<u>2,223,382,872.72</u>
	<u>\$2,389,776,620.33</u>

United States Government and other securities carried at \$70,103,806.82 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law

Head Office: 55 Broad Street, New York City

MORE THAN 75 OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

California Bank *Los Angeles*

WE INVITE ACCOUNTS FROM BANKS, CORPORATIONS, AND INDIVIDUALS • SEND US YOUR PACIFIC COAST BUSINESS

Statement of Condition as of Dec. 31, 1948

RESOURCES

Cash and Due from Banks	\$105,655,768.02
United States Government Securities	213,297,152.73
Obligations of Other Federal Agencies	\$ 4,197,330.92
State, County and Municipal Bonds	15,679,705.66
Other Bonds and Securities	434,010.19
Federal Reserve Bank Stock	390,000.00
Ownership of California Trust Company	1,475,324.66†
Loans and Discounts	107,769,992.62
Bank Premises, Furniture and Fixtures	1,396,319.32
Earned Interest Receivable	1,812,292.89
Customers' Liability under Letters of Credit and Acceptances	3,308,992.85
Other Resources	254,883.20
TOTAL	\$455,671,773.06

LIABILITIES

Deposits: Demand	\$268,372,083.94
Time	150,315,009.84
United States War Loan Deposit	4,291,419.50
Other Public Funds	8,258,939.83
Reserve for Interest, Taxes and Expenses	1,837,370.57*
Unearned Interest Collected	1,158,396.07
Letters of Credit and Acceptances	3,336,813.93
Capital Stock	6,500,000.00
Surplus	6,500,000.00
Undivided Profits	5,101,739.38
TOTAL	\$455,671,773.06

*\$19,846,491.74 pledged, according to law, to secure Public Funds and Trust Deposits.

†California Trust Company—owned by California Bank and devoted exclusively to trust service—has Capital of \$1,000,000.00, Surplus of \$507,000.00 and Undivided Profits of \$260,037.82.

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MEMBER FEDERAL RESERVE SYSTEM & FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 94)

forming the public," it says. "Another study in this series will deal with advertising. Here we are dealing with news publicity—news about banking, news about banks, news about people in banks. . . . Every bank has potential community goodwill that can be developed through legitimate use of the press and radio for conveying news of interest to the people. Newspapers welcome news." At the same time, it warns that newspapers "resent attempts to secure free advertising in the guise of news."

The manual begins by pointing out that banking's most effective story is the story of banking in action. "This," it says, "consists of the things that happen in banks every day; what is done; what is planned; what bankers do, think, and say."

"There is an endless variety of such things that may be told—some important, others less important—which add up to creating favorable impressions of a bank and which help the public to understand your bank and banking activity in general."

"People like to do business with a live and progressive institution," it points out, "and publicizing your bank is one way of making them feel that yours is that kind of an institution."

This being so, what might be called the heart of the manual is a check list of more than half a hundred activities in banks that lend themselves naturally to news treatment. No such list can ever be complete, for situations will vary from bank to bank, and new activities are always being added in a dynamic banking system. The chief purpose of the check list is to arouse the banker to the news possibilities in his institution. Other ideas will occur to him as he checks the list.

In addition, the manual is replete with examples of how good news stories can be developed and written. There are such things as the news possibilities of the bank's statement, and actual illustrations of how a bank can tell the public about the extent to which it aids business firms, farmers, and home buyers in its territory with credit.

Beyond this, banks are shown how, by always doing new things, they can create news. In a chapter on creative publicity, the possibilities of this kind of effort are suggested by a variety of illustrations of original things that some banks have done or are doing.

As indicated earlier, it is felt that another reason for reticence toward pub-

(CONTINUED ON PAGE 98)



36 YEARS AGO CHRISTMAS CLUB PIONEERED WITH MONTGOMERY COUNTY TRUST COMPANY

Amsterdam, New York

One of the first banks to pioneer with Christmas Club, was Montgomery County Trust Company of Amsterdam, New York. This profitable service to its depositors has been maintained without interruption ever since.

Through sound financial planning, the progressive management of this company has made an outstanding record of accomplishment. In 1913, the total assets of the Montgomery County Trust Company were \$1,042,772. As of September 30th, 1948, its total assets were \$13,674,462 and its Trust Funds under administration amounted to \$15,842,780.

Men of financial ability and vision are quick to see the many advantages which Christmas Club brings to a bank. Christmas Club brings more than the depositors' money. It is also a creator of new business for banks everywhere.

For when Christmas Club members come to your bank week after week to make deposits, they think of it as *their* bank and become pre-conditioned prospects for the many other financial services you offer—Banks that have Christmas Club are Banks that grow.



SPENCER K. WARNICK
PRESIDENT
Montgomery County
Trust Company
Amsterdam, New York



Christmas Club

a corporation • FOUNDED BY HERBERT F. RAWLL

341 MADISON AVENUE, NEW YORK 17, N. Y.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS

Guaranty Trust Company of New York

140 Broadway

Fifth Ave. at 44th St. Madison Ave. at 60th St. Rockefeller Plaza at 50th St.

LONDON • PARIS • BRUSSELS

Condensed Statement of Condition, December 31, 1948

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 662,439,640.64
U. S. Government Obligations	959,610,637.89
Loans and Bills Purchased	1,034,440,980.54
Public Securities	\$ 81,990,678.68
Stock of Federal Reserve Bank	9,000,000.00
Other Securities and Obligations	10,546,096.20
Credits Granted on Acceptances	11,490,995.89
Accrued Interest and Accounts	
Receivable	8,607,897.67
Real Estate Bonds and Mortgages	1,776,646.38
	123,412,314.82
Bank Premises	4,756,591.78
Other Real Estate	16,929.41
Total Resources	\$2,784,677,095.08

LIABILITIES

Capital	\$ 100,000,000.00
Surplus Fund	200,000,000.00
Undivided Profits	66,890,333.26
Total Capital Funds	\$ 366,890,333.26
Deposits	\$2,311,138,375.36
Treasurer's Checks Outstanding	19,098,373.37
Total Deposits	2,330,236,748.73
Acceptances	\$ 19,885,110.86
Less: Own Acceptances Held	
for Investment	7,967,044.21
	\$ 11,918,066.65
Dividend Payable January 3, 1949	3,000,000.00
Items in Transit with Foreign	
Branches	120,297.76
Accounts Payable, Reserve for	
Expenses, Taxes, etc.	72,511,648.68
	87,550,013.09
Total Liabilities	\$2,784,677,095.08

Securities carried at \$102,231,549.56 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND
Chairman of the Board

WILLIAM L. KLEITZ
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(CONTINUED FROM PAGE 96)

licity is the fact that many bankers are not familiar with the procedures involved. This difficulty is met in two chapters dealing with the mechanics of publicity. Such headings as "How to Write a News Release"; "The Five Points Around Which a News Story Should Be Built"; "Will a Letter or Memo Do?"; "How Long Should a News Release Be?" will indicate the practical nature of the contents. Still other headings are "How to Handle a Bad Break"; "The Use of Pictures"; and "Working With the Press."

While the manual is primarily the product of the A.B.A. News Bureau, it also reflects the thoughts of a number of bank publicity men and working newspaper men who have contributed to it out of their experiences.

It is designed to be a practical working tool. It states the need, shows the banker what activities in his bank make news, and then explains how to work cooperatively with the newspaper people, and how to prepare publicity material for their use. It is believed that anyone who follows its directions will soon make news publicity an effective part of his public relations program.

That the manual has struck a responsive chord and apparently met a need is indicated by the fact that advance orders for it have been received from more than 4,000 banks. Copies may be obtained from the Public Relations Council of the American Bankers Association at 12 East 36 Street, New York 16, N. Y.



"Ask him what he wants, Miss LeTacco, and tell him NO!!"



Special service in securities transactions

The Pennsylvania Company offers Correspondent Banks special services to expedite transactions in the securities field.

Delivering and picking up securities is a daily routine with us. We are in direct touch with virtually every securities firm in Philadelphia and in many cases we act as the broker's clearance agent.

We'd like to tell you more about these services, for our Customer Securities Department is one of the finest in the field. Drop us a line at our 15th and Chestnut Streets office. Or, better still, stop in next time you're in town.

You'll be interested in knowing about the friendly way in which we co-operate with The Pennsylvania Company's Correspondent Bank "family."

19 OFFICES

PHILADELPHIA

**THE
PENNSYLVANIA
COMPANY**

for Banking and Trusts

FOUNDED 1812

MEMBER FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Methods and Ideas

(CONTINUED FROM PAGE 47)

Each case is made of sheet aluminum and has a plate glass front. The overall size of 24" x 44" x 10" facilitates handling, and the 10-inch depth is sufficient for third dimension effects. The back of the case is a hinged door which need only be opened when the display is changed; the unit is virtually indestructible, but for safety's sake is hooked to a stout table and a wall to prevent accidental overturning.

The displays are made of standard showcard material and showcard paints. Props, purchased from the 10-cent store, include such items as toy cars on a highway for the personal loan unit, or a schoolroom globe for foreign department promotion. The cardboard is backed by wood and the entire assembly is built as a unit, thus simplifying placement in the case.

Motive power is provided by a small, inexpensive electric motor, standardized for display work. A cardboard clutch and a few wires can give any motion desired, depending on the ingenuity of the builder.

A strong light bulb, hidden by a molding, floods the display from the inside top of the case. When the copy is brief a flasher is attached to give a blinking effect, lighting the words just long enough to permit them to be read.

The branch rotation arrangement insures a period of nearly two years before a display arrives at an office for a repeat performance; by that time it has been forgotten and appears as a fresh creation.

However, at three-month intervals a new idea is produced, a new display

built, and the oldest unit replaced, thus periodically injecting additional material into this highly successful promotion program.

Location of the displays was a problem to which the bank gave considerable study. Before the first one was built a professional artist and display man visited each branch, sketching the interior and choosing the best spot. It was essential that the unit be readily visible to anyone on the bank floor, yet it must not interfere with business space. Neither was it desirable to have the case directly facing a teller, lest the regular motion prove distracting.

The program has been so effective and has attracted such favorable attention that the bank's plans for new branch building and remodeling provide space for the displays in specially designed show windows or lobby arrangements.

"They have proved to be eye-stoppers for young and old," Mr. Carter tells BANKING.

House Publications

Virginia O. Valentine, advertising manager of the State-Planters Bank & Trust Company of Richmond, Virginia, headed a clinic on this subject at the Financial Public Relations Association's Convention early this winter. She summarized the consensus of the meeting in this way:

"While a house publication should not be permitted to degenerate into a 'gossip' column, neither should it be allowed to exist merely as a sounding board for the 'high brass' of management. Employees, not 'high brass,' should be recognized if the publication is to fulfill its purpose of building har-

monious relations between management and personnel. However, while the publication should deal primarily with the achievements and activities of employees, it should also contain articles of interest to the layman—at least one in each issue."

From Barter to Dollars

GUARANTY BANK & TRUST COMPANY of Cedar Rapids, Iowa, has published a copyrighted little pamphlet "Stories About Money" which traces the history of exchange from barter days to the present. With each story there's a brief plug for a bank service. Here's a sample:

"Once upon a time, when the world was very young, and men were dodging dinosaurs instead of careless drivers, there lived a man who enjoyed nothing more than carving arrowheads. On the other hand, he considered hunting a dreadful bore. Trouble was, when he didn't hunt, he didn't eat.

"One day as he was carrying a particularly wicked-looking arrowhead a wonderful idea came to him—why not spend all his time making arrowheads, then give them to a neighbor, who actually enjoyed hunting, in exchange for meat. This neighbor, who didn't like arrowhead carving any better than our man liked hunting, agreed—and thus was started the barter system . . ."

The bank ties itself to the story in this marginal paragraph: "We've never dealt in arrowheads or dinosaur-meat here at the Guaranty—as a matter of fact, we've never been asked. But money in its modern form is our business, and whenever you need it for any worth while purpose, we hope you'll use a Guaranty loan."

(CONTINUED ON PAGE 102)

In Baltimore, the lot is sold separate from the house. This colorful moving display urges home owners to buy the ground under their dwellings. The arm places the building on the ground, then picks it up, uncovering the sign

Foreign banking, featured in a branch office, is a display that's lighted day and night. The window, specially constructed to hold the portable case, does selling duty for the bank long after the office crew has gone home



3 steps to New office Profits



Average Yearly Cost of a Typing Station

Item	Cost	Yearly Cost
Salaries	0.5	0.5
Supplies	0.5	0.5
Other	0.5	0.5
Total	1.5	1.5

1 COMPARISON OF COSTS—Item by item, your typing station costs are compared with the national average. In this way you can immediately see if your expenses are "in line".

Typing Station Analysis

—Your Remington Rand representative decides whether you have the correct model typewriter for the job to be done... and if special attachments are necessary to improve efficiency.

2 ANALYSIS OF WORK

Typing Station Analysis

—A thorough physical checkup of your typewriters will weed out inefficient, outmoded machines. You'll be advised of the most suitable model for your job requirements.

3 EVALUATION OF EQUIPMENT

... HOW REMINGTON RAND'S FREE TYPING STATION ANALYSIS LEADS TO GREATER TYPING PRODUCTION... AT LOWER NET COST!

Now you can find out—without cost or obligation—just where your typing production may be *falling* while typing costs rise. In the three steps described at the left, your nearby Remington Rand representative analyzes your typing stations... learns the source of your troubles... makes his recommendations. And if he suggests the new Remington Noiseless as the ideal replacement for your worn, inefficient typewriters... let him show you why! Ask for a demonstration right in your own office of the many Plus Values of the Remington Noiseless that pay you a double dividend... *typing perfection with quiet!*

Remington Rand
THE FIRST NAME IN TYPEWRITERS

the new
REMINGTON NOISELESS



MAIL THIS COUPON TODAY!

Remington Rand Inc. Typewriter Div., Dept. H2
315 Fourth Avenue, New York 10, N. Y.

I'm interested in turning office costs into profits. Please arrange an analysis of our Typing Stations without cost or obligation.

Name.....

Firm.....

Address.....

City..... Zone..... State.....

☐ And I'd like to see the new Remington Noiseless in action!

(CONTINUED FROM PAGE 100)

The stories were first published by the bank as a newspaper ad series.

"A Sure Cure for Stomach Ulcers"

The BERWICK (Pennsylvania) NATIONAL BANK recently used a full page ad in the local newspaper to give an unusual twist to savings account promotion. In display type at the top of the page the bank said:

"One of our officers—Clayton Culp—for years has given free advice on the weather. However, George Karchner and Nate Arey always differ with him.

We are going to branch out with a little free medical advice. Here is a sure cure for stomach ulcers."

The copy then went on to say that according to doctors the majority of stomach ulcers are caused by worry.

"The majority of worries," the ad continued, "are caused by money troubles. The Bible says that the love of money is the 'root of evil,' but every one of us believes that if he had a little more root, all of his difficulties would be solved. That isn't so. There are more stomach ulcers among the rich than among the rest of us. The rich worry about their income tax, their investments, their stocks, their dividends,

etc., while the rest of us never have to think about that.

"The luckiest man in the world is the man with a good wife and children, making a fair income and *living within it*."

"A man who makes \$200 a month, spends \$175, and saves \$25 will never have a stomach ulcer. He is better off mentally, physically, financially, and is happier than the man with a \$1,000 income who spends \$1,025 and always 'owes somebody.'"

"The best insurance in the world against worry—ulcers, indigestion and being cross with your wife and children—is a savings account. It may not be for a rainy day. It may be for a sunny day when a good investment comes along and you have the cash to take advantage of it. . . .

"So open that savings account now and don't get stomach ulcers."

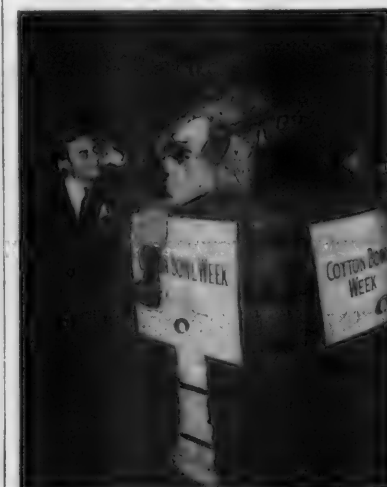
Naturally, the reader was invited to open that account with the Berwick National.

A Give-Away Helps

The MONROE COUNTY SAVINGS BANK of Rochester, New York, found that the United States Secret Service's "Know Your Money" exhibit, plus a popular premium, attracted large crowds to the bank's exhibit at a local better homes exposition.

When the MONROE COUNTY decided to participate in the show it explored carefully the possible methods of telling its story. The answer to the question,

The First National Bank in Dallas helped celebrate Cotton Bowl Week by putting a bale in its lobby. Vice-president E. C. Henry lends an ear while Charles Edward Jefferson, son of a bank employee gives the banjo a going-over



When your friends come to Los Angeles

refer them to this independent unit bank. We shall welcome the opportunity to be of service to them, and should like also to serve you in the handling of cash and collection items and in acting as your Los Angeles Correspondent

STATEMENT OF CONDITION

AS OF DECEMBER 31, 1948

Resources

Cash on hand and due from Federal Reserve and Other Banks	\$ 44,620,899.59
U. S. Government Securities	56,773,254.72
Federal Reserve Bank Stock	225,000.00
Loans and Discounts	52,615,599.22
Union Bank Building and Customer Auto Park	1,650,000.00
Safe Deposit Vaults	1.00
Furniture and Fixtures	1.00
Customers' Liability under Letters of Credit and Acceptances	1,577,753.87
Other Resources	3,830.97
TOTAL	\$157,466,340.37

Liabilities

Capital	\$ 3,500,000.00
Surplus	4,000,000.00
Undivided Profits	1,398,932.34
Reserved for Contingencies	593,755.38
Reserved for Interest, Taxes, Dividends, etc.	1,177,859.44
Liability under Letters of Credit and Acceptances	1,710,210.56
Discount Collected—unearned	300,872.14
Other Liabilities	133,696.64
DEPOSITS: Demand	\$105,713,348.82
Time	30,327,419.46
United States War Loan deposits and other public funds	8,610,245.59
TOTAL	\$157,466,340.37

United States Government obligations carried at \$12,477,328.58 in the foregoing statement are pledged to secure public funds and for other purposes required by law

UNION BANK & TRUST CO

OF LOS ANGELES (8th & HILL)

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Herbert F. Hahn, Executive Vice-President
J. C. Lipman, Vice-President
A. L. Lathrop, Vice-President
E. H. LeBreton, Vice-President
P. E. Neuschaefer, Vice-President
Louis Siegel, Vice-President
J. W. Lewis, Vice-President
W. C. Neary, Vice-President & Cashier
W. Watson, Comptroller
W. J. Hunter, Assistant Vice-President
J. W. Luhring, Assistant Vice-President
R. R. Newmark, Assistant Vice-President
H. N. Herzkoiff, Assistant Vice-President
Rod Maclean, Assistant Cashier
C. H. Landis, Assistant Cashier
A. L. Somerindyke, Assistant Cashier
R. F. Campbell, Assistant Cashier
A. J. MacLennan, Assistant Cashier
W. B. Hill, Auditor

TRUST DEPARTMENT

A. L. Lathrop, Vice-President
Don R. Cameron, Senior Trust Officer
F. H. Kerns, Trust Officer
M. Morris, Assistant Trust Officer

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION & FEDERAL RESERVE SYSTEM • THE BANK OF PERSONAL SERVICE • WE HAVE NO BRANCHES

"What does a savings bank have to exhibit?" seemed to be money, and the Secret Service display of genuine and counterfeit bills provided an attention-getting, as well as educational, means of showing currency.

In addition, the bank gave each visitor a celluloid pass case in which Rochester bus riders could carry the card sold weekly by the local transportation company to some 72,000 persons. The back of the case bore an advertising message from the bank, and the premium was in heavy demand at the bank's booth. Its immediate utility was to break the ice for the attendant, giving him an opportunity to talk about the bank's services.

Advertising material displayed at the show included a panel stating the bank's loan policy, a cut-out house, and blow-ups of house plans, all well illuminated. A four-page leaflet explaining the five mortgage plans was distributed.

The bank had personal contact with more than 10,000 visitors to the show. A young woman member of the staff was on duty as a receptionist during the evening hours to welcome women callers.

Padlocks, Too

Something has been added to the protection provided renters of safe deposit boxes at a BAYSIDE (New York) NATIONAL BANK branch office.

Each box now has a padlock, providing triple security. The installation was made, says President J. Wilson Dayton, "primarily for the customers' peace of mind." Under the new system they are assured that only they have access to the box when it isn't locked up in the vault.

The customer receives the padlocked box from the attendant, who does not have a key, takes it to a coupon room where he finds a master key to the padlock. When he is finished with the box he snaps the padlock, returns to the vault, and the box is replaced. Thus a box cannot be opened except by the customer in the privacy of the coupon room.

Orchid Show in Bank

Rare orchids valued at more than \$100,000 drew flower lovers from many parts of the country to the banking floor of the Main Office of the AMERICAN SECURITY AND TRUST COMPANY, Washington, D. C., where the bank was host to the National Capitol Orchid Society. Many notables were among the esti-

(CONTINUED ON PAGE 105)



Make TIME Count In Your Favor All Through the Year

With higher interest rates and increased reserves, time is more important than ever in the handling of your transit items.

Let COMMERCE 24-hour transit service work to your advantage this year. Our complete day and night transit units eliminate any possible delay by immediately dispatching items direct to towns and cities throughout the U. S.—saving from one to three days on many of them.

More direct sending points than any other bank in the U.S.—private wire system to all principal financial centers. Ready to serve you.

Commerce Trust Company

KANSAS CITY'S LARGEST BANK

Capital Funds Exceed 22 Million Dollars

Established 1865 • • • Member Federal Deposit Insurance Corporation

Dedicated to Friendliness and Service



The
WALDORF-ASTORIA

Park Avenue • 49th to 50th • New York

Since the proven, profitable public relations efficiency of Schermack Serve-Self Postage Machines was revealed to the banking world last fall (AFTER SEVERAL YEARS OF RIGID TEST BY ALL MAJOR DETROIT BANKS) hundreds of banks throughout the country have established these Postage Stations for their patron's convenience, including every main and branch office of all leading banking chains in Detroit.

Detroit bank records prove, by actual count, the profitable popularity of Schermack Postage Station service and disclose the annual number of transactions registered on a 3-unit installation, pictured at the right (selling 1c, 3c and Air Mail denominations) will liquidate the entire cost of the installation within 24 months, indicating an average annual profit, thereafter, of approximately \$100.00 for years to come.

The value of the dual good will and earning capacity of this new, progressive, public relations innovation is an endorsed fact and orders from representative banks throughout the country are being received daily.



**10-Year
Unconditional
Guarantee**

We UNCONDITIONALLY GUARANTEE our bank installations FOR 10 YEARS against defective materials or workmanship. A number of our machines of identical construction in use 24 hours a day FOR THIRTY YEARS in the Detroit Post Office, justifies our claim to practically perpetual performance.

Installation as pictured herein consists of three units, selling 1c, 3c and 6c roll type stamps, all metal bronze colored classic pedestal and daylight florescent plastic "POSTAGE" sign . . . price complete, \$200, F.O.B. factory, Detroit.

**1166
W. Baltimore
Avenue**

SCHERMACK PRODUCTS CORP.

**Detroit
2
Michigan**

BANKING

mated 15,000 attending the show, which was televised by a local station. Thousands of blooms were displayed, including a new species flown from Belgium for the occasion.

Following custom, the business meeting of the American Orchid Society's trustees was held in the bank's board room and after the meeting luncheon was served in the bank's dining room. In the evening the trustees of the national society and members of the local group met again at the bank to hear prominent horticulturists speak on various aspects of orchid planting and care.

Geographical Desks

COLONIAL TRUST COMPANY of New York has a "geographical desk" system in its international division.

Dividing the world into areas, each of which is regarded as a trade and economic unit, the bank has placed an experienced member of its staff in charge of each unit. He is responsible for maintaining up-to-date files of economic and trade information on that area.

The new system means, says President Arthur S. Kleeman, "that when a client requests information on commerce or exchange of any country, the bank will have at least one staff member on the floor capable of giving quick, intelligent, and accurate answers. From the point of view of the bank's staff it means that each member of the international division will be given an opportunity to become an expert on his chosen country or region, thereby increasing his service to the customers."

Parkes Armistead, president, American National Bank of Nashville, presents a \$100 bill to Jack Husband who has just opened Savings Account No. 100,000. Vice-president Finis Nelson is the third man in the group



February 1949

New Business Contest

Manufacturers Trust Company of New York added 19,672 special checking accounts during a 13-week contest among employees of the bank's 76 offices. The goal was 15,000.

At the victory celebration cash prizes were awarded to the five men and the five women who had the highest scores. Every employee received a ticket for each new account obtained, and at the party all the tickets were placed in a revolving drum from which President Harvey D. Gibson drew the one that meant a 1949 sedan for Carl W.

Schramm, an assistant manager at a branch. Mr. Schramm, who has a wife and four children, didn't own a car.

An on-the-spot description of the festivities was broadcast from the Down Town Athletic Club to the bank's offices.

School Savings Anniversary

THE PHILADELPHIA SAVINGS FUND SOCIETY, founded in 1816, recently celebrated the 25th anniversary of its school savings department with a reception at which Louis P. Moyer, Philadelphia's superintendent of schools, was a guest.

Worthwhile things deserve the best in protection



The United States Headquarters of the world-wide London & Lancashire Group is the home of sound insurance and friendly service.



THE London & Lancashire GROUP

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

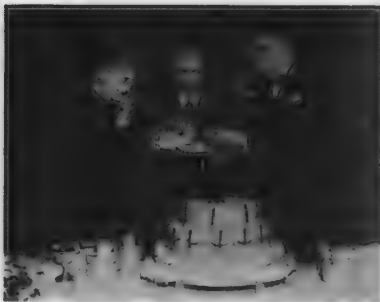
NOTHING LIKE IT

For simplicity, effectiveness and economy in handling Time Sales Accounts, nothing equals the Payment Coupon Book. It combines all notification work, all posting forms and all receipts in one simple booklet that requires only a minute or two to prepare.

Until you learn all about this modern method, you will never enjoy freedom from detail and unnecessary expenses.



For Complete Information and Samples Write to Head Offices at Indianapolis 6, Indiana



At the bank's school savings anniversary reception: School Bank Manager Agnes R. Martin, Superintendent Moyer, and PSFS President Isaac W. Roberts cut the birthday cake

Officials of the board of education, principals and teachers of many schools where the Society's plan is in operation, and officers of the institution were present.

PSFS introduced school savings in the city. Ninety-eight schools in the Philadelphia area are now active in its school bank.

"Pay Yourself First"

EAST RIVER SAVINGS BANK of New York City has a new plan for stimulating thrift. It's called "Pay Yourself First."

The best way to outwit that "all too human" tendency to let the dollars left

after bill-paying dribble away, the bank says, is to be "first in line for your own private share of the dollars you work so hard to earn."

"You still pay the landlord, the butcher, the grocer, the insurance man," depositors are told. "But, with the methodical help of the East River Savings Bank's new plan, you pay yourself first."

Offering a worksheet that will help him decide how much he should save, the promotional folder tells the customer that each month he'll receive, on the day he sets, a reminder, in the form of a deposit ticket with bank-addressed envelope, of the amount he's decided to save.

Banking-by-mail takes care of the rest.

Tax Aid

HARRIS TRUST AND SAVINGS BANK of Chicago is distributing to customers a "marital deduction calculator" developed by its estate planning officers.

The calculator is a slide-rule device for quickly deciding whether, and to what extent, the deduction should be used by married persons with estates from \$100,000 to \$2-million, either wholly owned by one spouse or divided between them. It provides at a glance the amount of Federal and Illinois taxes at the death of the first spouse, the combined taxes on both estates (with and without the deduction), and the amount of taxes saved or deferred at the first death by using the marital deduction to various extents, from 10 percent to 05 percent.

News About Banks

NATIONAL BANK OF TULSA and the FULTON NATIONAL BANK of Atlanta have recently adopted employee retirement plans.

William A. Kielman, president of the PEOPLES' NATIONAL BANK of Lynbrook, New York, has started a twice-a-week series of "talks to the people" over a local radio station. He discusses topics of community interest during the bank's regular broadcasts.

"Favorable Prospects for Establishing Branches of American Corporations in Belgium" is the title of a pamphlet published by KREDIETBANK N. V. of Brussels. It discusses, in some detail, numerous advantages offered by the country.

The FIRST NATIONAL BANK AND TRUST COMPANY of Oklahoma City is now publishing a quarterly economic bulletin, "This Is Oklahoma."

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON
Member Federal Deposit Insurance Corporation

STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS DECEMBER 31, 1948

RESOURCES

Cash and due from banks	\$ 72,686,494.15
United States Government obligations	66,289,986.85
Municipal and other marketable securities	26,117,824.72
Loans and discounts	65,621,881.76
Federal Reserve Bank stock	210,000.00
Customers' liability on letters of credit and acceptances	1,437,263.79
Accrued interest receivable	409,140.03
Other assets	130,741.45
	<u>\$232,903,332.75</u>

LIABILITIES

Capital stock	\$ 3,000,000.00
Surplus	4,000,000.00
Undivided profits	1,272,751.59
Reserves for taxes, interest, contingencies, etc.	1,636,744.48
Unearned discount	1,073,458.59
Other liabilities	244,469.51
Liability on letters of credit and acceptances	1,438,340.79
Deposits:	
Demand	\$188,681,641.91
United States Government	3,640,781.30
Other public funds	7,981,597.61
Time	19,933,546.97
	<u>220,237,567.79</u>
	<u>\$232,903,332.75</u>

United States Government obligations and other securities carried at \$31,484,490.11 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

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ASSISTANT TO THE PRESIDENT
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TRUST OFFICERS

N. M. HULINGS	M. M. LAWELLIN
---------------	----------------

AUDITOR

LOUIS WALL

1895



1949

STATEMENT OF CONDITION

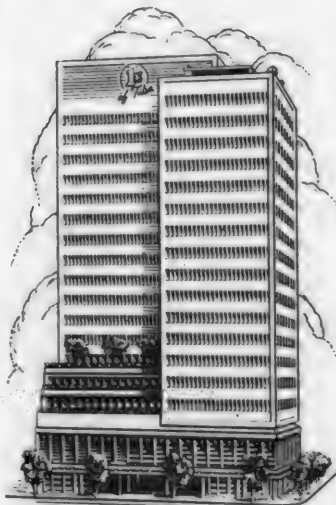
December 31, 1948

RESOURCES

Cash and Due from Banks.....	\$61,975,141.51	
U. S. Government Securities.....	70,526,670.68	\$132,501,812.19
Other Bonds and Securities.....		6,384,958.17
Loans and Discounts.....		52,976,726.63
Federal Reserve Bank Stock.....		180,000.00
Income Earned, Not Collected.....		294,698.08
Bank Premises.....		1.00
Future Banking Quarters and Fixtures.....		1.00
Customers' Liability Under Letters of Credit.....		791,311.53
Other Resources.....		90,018.51
		<u>\$193,219,527.11</u>

LIABILITIES

Deposits: Individuals, Firms and Corporations.....	\$137,594,299.38	
Banks.....	28,712,953.26	
U. S. War Loan Account..	4,123,106.17	
Other Public Funds.....	12,637,603.70	\$183,067,962.51
Income Collected, not Earned.....		257,488.70
Taxes, Interest and Expense—Accrued		767,576.14
Letters of Credit Outstanding.....		791,311.53
Capital.....	\$2,000,000.00	
Surplus.....	4,000,000.00	
Undivided Profits and Reserves....	2,335,188.23	8,335,188.23
		<u>\$193,219,527.11</u>



THE FIRST NATIONAL BANK AND TRUST COMPANY OF TULSA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Commercial Banks' 1949 Advertising Plans

(CONTINUED FROM PAGE 39)

deep-seated changes were taking place. Inflation was one of the new factors that came into the scene. In 1948 the banks launched their anti-inflation campaign, and in that year checking accounts jumped to the head of the emphasis parade, with savings accounts a close second. Auto, mortgage, and personal loans, still in that same order, dropped to the 3-4-5 positions.

Now, in 1949, checking accounts are still in front, with savings accounts close

behind, for major emphasis in bank advertising. Auto loans still are in the third position, but mortgage loans dropped farther behind and personal loans fell far down to ninth place. Special checking accounts and bank-by-mail made sharp gains. These are both forms of deposit advertising, so it can truthfully be said that in 1949 the advertising spotlight will be on deposits.

The chart showing services to be emphasized in 1949 makes comparisons

with the three preceding years. This chart will enable you to trace trends.

When several thousand bankers write down their personal ideas on what the job ahead is for bank advertising, it is difficult if not impossible to reduce the information to a statistical summary. However, there does emerge from the reading of these many expressions of opinion a fairly clear-cut impression of present thinking in bank management on the subject.

As a group, this is about the way bank management is thinking in relation to the advertising job in 1949: "People look to us for leadership in financial matters, and we as bankers have an obligation to provide this leadership. The big domestic problem of the day is inflation, and the danger of a recession or depression in the future. Many people are repeating the mistakes of past 'boom and bust' periods. We should urge everyone to make provision now for the future, to spend with greater care, and to put something aside regularly. Let's help them get out of debt. Urge people to buy bonds and build up a bank account. Let's dust off that rainy day theme and stress it in our 1949 advertising."

Banking Education

The second big theme that banks are going to stress deals with the broad field of banking education: building goodwill, selling the idea of free, chartered banking, and in essence building better public relations. Banking thought in this respect might be summarized as follows: "While we are urging others to lay a solid foundation for the future, let's do the same for ourselves. The future of the banking system as we

"My pass book is number 3-0440; I live at 108 Mayflower Gardens—what's my name?"



STATEMENT OF CONDITION

At the Close of Business December 31, 1948

RESOURCES

Loans and Discounts	\$ 52,966,481.26
U. S. Government Securities	59,761,260.60
State, County and Municipal Securities	14,155,665.63
Other Investment Securities	1,730,611.48
Stock in Federal Reserve Bank	300,000.00
Overdrafts	2,802.76
Motor Bank Facility, Bank Vault, Furniture and Fixtures	425,483.15
Other Real Estate	1,911.42
Customers' Liability Account — Letters of Credit Issued	235,620.00
Cash and Due from Banks	70,079,601.93
	\$199,659,438.23

LIABILITIES

Capital Stock — Common	\$5,000,000.00
Surplus	5,000,000.00
Undivided Profits	6,650,356.37
Reserve for Taxes, Employees' Pension Account, etc.	1,483,699.61
Liability Account — Letters of Credit Guaranteed	235,620.00
Deposits	181,289,762.22
	\$199,659,438.23

Member Federal Deposit Insurance Corporation

OF OKLAHOMA CITY



know it rests on public approval and support. The healthiest and strongest kind of support springs from knowledge. So we should intensify our efforts to spread the true facts about the services of banks, and the advantages of our system of banking. Combat leftist ideas and collectivist thinking with the torch of truth. Through the printed and spoken word of advertising, let's tell the world our story of service."

Merchandising Services

The third big theme, now quite submerged in the general thinking of bankers, is the merchandising of bank services. Bank copy in 1949 will be slanted toward educational and public service themes, and away from straight selling of loans and other facilities. Here is an idea, in terms of number of mentions, of the relative support given to the major advertising themes:

- (1) *Sound money management* (promote thrift, build deposits, sell Savings Bonds, urge people to get out of debt, etc.) 1,262
- (2) *Educational themes* (place of bank in the community; free, chartered banking system, public relations, free enterprise themes) 805
- (3) *Merchandise bank services* (direct offering of loans, accounts, safe deposit, etc.) 330
- (4) *Combat inflation* (loans for production, etc.) 87

The last theme, combatting inflation, was mentioned several times as a separate theme. However, it can probably be lumped with the first one on sound money management, since much of the anti-inflation advertising deals with suggestions for checking inflation by spending carefully and buying bonds or saving regularly.

The Advertising Department takes this occasion to thank the 3,568 bankers in every part of the country who supplied this information. Questionnaires are usually a nuisance, but it is hoped in this case that the material gathered will be of sufficient value to justify the time and effort you spent. Those who answered the survey will soon receive a summary of the complete study in greater detail than given here.

"As the year 1949 opens, the International Bank has more business on its books than at any time in its three years of existence. In addition to the loans it has already approved, now totaling \$525 million, the bank is conducting active loan discussions concerning productive projects in more than 20 of its member countries—in Latin America, Europe, the Middle and Far East."—John J. McCloy, president, International Bank for Reconstruction and Development.

CROCKER FIRST NATIONAL BANK

OF SAN FRANCISCO

SAN FRANCISCO
OAKLAND



*Condensed Statement at close of
business December 31, 1948*

Resources

Cash and Sight Exchange . . .	\$ 97,736,466.92
*United States Government Securities	149,438,098.88
State and Municipal Bonds . .	9,301,773.92
Other Bonds	2,411,512.62
Loans and Discounts	84,157,959.88
Stock in Federal Reserve Bank	480,000.00
Customers' Liability under Letters of Credit and Acceptances	1,237,681.78
Bank Premises, Head Office and Oakland	3,153,112.97
Other Assets	182,255.73
TOTAL	\$348,098,862.70

Liabilities

Capital	\$ 6,000,000.00
Surplus	10,000,000.00
Undivided Profits	4,576,161.26
Reserve for Contingencies	4,100,000.00
Total Capital Accounts	24,676,161.26
Reserve for Dividend Payable —Jan. 3, 1949	210,000.00
Reserve for Interest and Taxes	801,033.99
Letters of Credit and Acceptances	1,237,681.78
Deposits:	
Secured Deposits	\$ 31,555,873.27
Time and Savings Deposits	79,007,730.96
Demand Deposits	209,711,843.85
TOTAL DEPOSITS	320,275,448.08
Other Liabilities	898,537.59
TOTAL	\$348,098,862.70

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*Securities carried at \$38,385,000.00 are pledged to qualify in a fiduciary capacity and to secure Trust Deposits, United States Government and Other Public Deposits, as required by Law.

Member Federal Deposit Insurance Corporation

Ralph B. Wells, Eastern Representative—20 Pine Street—New York

No Increase in GI Loan Rate

No increase in the GI loan interest rate from 4 to 4½ percent will be made at this time, Carl R. Gray, Jr., Administrator of Veterans Affairs, announced recently.

Section 103 of Public Law 901 of the 80th Congress authorizes the Administrator of Veterans Affairs, with the consent of the Secretary of the Treasury, to set by regulation a maximum interest rate of 4½ percent on loans guaranteed by the Veterans Administration if it is determined that the loan market demands the increase.

Mr. Gray's decision not to increase

the rate was reached after an exhaustive study of all factors involved.

"I have consulted extensively with Government leaders, individual veterans, lenders and the veterans' service organizations throughout the United States," said Mr. Gray.

"My principal responsibility and duty is to our veterans," he said. "In my studies of this question, I have reached the conclusion that an increase in rates would not be in their best interest, as the evidence fails to indicate an increased rate will make more houses available to veterans."

For the last seven months, Mr. Gray said, he has visited installations of the Veterans Administration in all 48 States of the Union. On his visits to the various stations, he has consulted with loan guaranty officials of the Veterans Administration and with local groups of lenders and of veterans.

While their opinions were not unanimous, an overwhelming preponderance indicated that the decrease in the number of veterans' loans being guaranteed was due to factors other than the interest rate.

In some sections of the country, it seemed that the high prices of houses was the most important reason. In others, the absence of an adequate secondary market was given.

In other instances, local groups pointed out that veterans who were seriously in need of housing had already secured it, and that those who had not yet found homes were in a mood of shopping rather than immediate purchase.

In some localities, the interest rate was cited as the principal reason in the decrease in home purchases. It was pointed out in these places that an increased rate of interest would mean that veterans would have to pay a higher price for any homes that they bought.

"Even though the number of GI loans is less than 50 percent of the volume at the peak of operations," Mr. Gray said, "approximately 23,000 veterans are currently obtaining home loans under the GI loan program each month.

"I am aware that approximately one-third of such loans are the so-called combination FHA-VA loans which involve an overall interest rate of 4.8 percent. That, however, emphasizes the fact that about 15,000 veterans every month, in the face of prevailing high prices, can find homes they can afford and can obtain loans at 4 percent.

Mr. Gray went on to say that "if a 4½ percent interest rate were to be authorized, it is entirely possible that few if any loans would be available at 4 percent."

Men die by exceeding the speed limit or the feed limit.

The law of gravity works on everything but the cost of living.

The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of December 31, 1948

RESOURCES

Cash and Due from Banks.....	\$ 72,424,389.57
United States Bonds.....	86,300,205.48
State and Municipal Bonds.....	5,635,524.36
Other Bonds and Securities.....	7,320,530.74
*Loans and Discounts.....	69,122,244.10
Federal Reserve Stock.....	420,000.00
Banking Premises Occupied.....	3,702,226.37
Customers' Liability Under Acceptances.....	118,266.45
Income Accrued Receivable and Prepaid Expense.....	560,749.21
Other Resources.....	99,723.25
TOTAL.....	\$245,703,859.53

LIABILITIES

Capital Stock.....	\$ 7,000,000.00
Surplus.....	7,000,000.00
Undivided Profits.....	2,916,666.44
Total Capital Funds.....	\$ 16,916,666.44
General Reserve.....	1,831,491.67
Reserve for Dividends Payable.....	105,000.00
Reserve for Taxes.....	401,695.35
Reserve for Interest, etc.....	182,386.59
Liability Under Acceptances.....	118,266.45

DEPOSITS:

**Commercial, Bank and Savings.....	222,839,594.55
U. S. Government.....	2,783,254.17
Other Liabilities.....	525,504.31
TOTAL.....	\$245,703,859.53

*In addition to this item as shown we have unused loan commitments outstanding in the amount of \$2,942,813.16.

**This includes \$2,413,555.01 of trust moneys on deposit in the Banking Department, which, under the provisions of the banking law, Section 710-165 of the State of Ohio, is a preferred claim against the assets of the bank.

DIRECTORS

CHARLES F. BARRETT
Railway Express Agency, Inc.
WALTER C. BECKJORD
President, The Cincinnati Gas and Electric Co.
STERLING B. CRAMER
First Vice President
POWELL CROSBLEY, JR.
President, Crosley Motors, Inc.
EDWARD W. EDWARDS
Chairman of Board, The Edwards Mfg. Co.
JOHN H. GOYERT
Emeritus
JOSEPH S. GRAYDON
Graydon, Head and Ritchey, Attorneys
E. WEBSTER HARRISON
Partner, Harrison & Co.
JOHN B. HOLLISTER
Tat, Stettinius & Hollister, Attorneys
LOUIS L. KAUFMAN
Sec. and Treas., Wm. J. Herbert Realty Co.

RICHARD E. LEBLOND
President, The R. K. LeBlond Machine Tool Co.
WILLIAM H. MOONEY
President, The American Oak Leather Co.
GEORGE A. RENTSCHLER
Chairman of Exec. Committee, Lima-Hamilton Corp.
JOHN J. ROWE
President
CARL J. SCHMIDLAPP
Senior Vice Pres., The Chase National Bank, N. Y.
HAROLD T. SIMPSON
President, Printing Machinery Corp.
LEONARD S. SMITH, JR.
President, The National Marking Machine Co.
ETHAN B. STANLEY
Ch. of Board, The Amer. Laundry Machinery Co.
WILLIAM A. STARK
Vice President and Trust Officer
CLIFFORD R. WRIGHT
Chairman, Investment Committee, The Union Central Life Insurance Co.

MAIN OFFICE: FOURTH & WALNUT STS.
20 Convenient Offices

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM

FIRST NATIONAL BANK • ATLANTA

Condensed Statement of Condition as of December 31, 1948

OFFICERS

R. CLYDE WILLIAMS
President
HERMAN JONES, JR.
Executive Vice-President
Vice-Presidents
JAMES F. ALEXANDER
WILLIAM C. ADAMSON
V.-P. and Cashier
SAMUEL J. FULLER
FREEMAN STRICKLAND
FRANK T. DAVIS
J. ARCH AVARY, JR.
RALPH A. HUIE
CLAUD H. BLOUNT
ALBERT G. MATHEWS
V. F. COOPER

Assistant Vice-Presidents

D. HUGH DICKSON
W. E. DUKE
C. T. HARDMAN
J. HARVEY LESTER
H. G. WALKER
RUFUS G. WALKER

Assistant Cashiers

W. V. AUSTIN
HEN S. BARNES, JR.
PAUL BOWLES
O. C. BRADFORD
JAMES W. DUBOSE
GEO. L. HICKMAN, JR.
B. E. HOLLOWAY, JR.
VIRGIL D. JONES
HOWELL PARK
BEN A. PELOT
F. G. PURSLEY
E. A. RICHARDSON
LEO STILLMAN
GRAHAM WRIGHT, JR.
CHARLES S. CONKLIN
Auditor

TRUST DEPARTMENT

Vice-Presidents & Trust Officers

N. BAXTER MADDOX
J. W. SPEAS

Trust Officers

THOMAS E. ARNOLD
JOSEPH C. GREENFIELD
FAY E. MEWBORN
CLYDE E. QUICKEL
CHARLES A. ROSE
F. I. WILLIAMS

DIRECTORS

LEE ASHCRAFT
HERBERT W. BONDURANT
THOMAS H. DANIEL
JAMES L. DICKEY
SAMUEL C. DOBBS
HAL S. DUMAS
JAMES S. FLOYD
THEODORE M. FORBES
OLIVER M. HEALEY
WILLIAM K. JENKINS
HERMAN JONES, JR.
JOSEPH L. LANIER
N. BAXTER MADDOX
ROBERT F. MADDOX
JAMES C. MALONE
CARLOS H. MASON
C. B. MCMAHUS
E. W. MOISE
JACKSON F. MOORE
FRANK C. OWENS
JOHN E. SANFORD
ALBERT E. THORNTON
W. J. VERREN
R. CLYDE WILLIAMS

ASSETS

Cash and Due From Banks.....	\$116,345,757.21
United States Securities.....	104,971,068.21
Obligations of U. S. Government Agencies.....	3,354,670.88
State and Municipal Obligations.....	12,482,687.71
Other Marketable Bonds.....	4,534,497.16
Corporate Stocks.....	125,509.25
Federal Reserve Bank Stock.....	360,000.00
Loans and Discounts.....	84,877,673.22
Overdrafts.....	33,946.67
Banking Houses.....	2,781,054.27
Customers Liability on Letters of Credit.....	1,302,144.21
Accrued Interest and Other Assets.....	946,121.98
TOTAL.....	\$332,115,130.77

LIABILITIES

Capital.....	\$6,000,000.00
Surplus.....	6,000,000.00
Undivided Profits.....	2,251,920.94
Reserve for Contingencies.....	2,174,992.43
Dividends Declared Unpaid.....	480,000.00
Income Collected Not Earned.....	677,040.72
Accrued Taxes and Interest.....	927,378.25
Other Liabilities.....	193,613.02
Letters of Credit.....	1,302,144.21
Deposits.....	312,108,041.20
TOTAL.....	\$332,115,130.77

FIRST NATIONAL BANK ★ ATLANTA

AT FIVE POINTS

PEACHTREE AT NORTH AVENUE LEE AND GORDON STREETS
EAST COURT SQUARE, DECATUR

Capital, Surplus and Profits Over \$14,000,000

Member Federal Deposit Insurance Corporation

THE SOUTHEAST'S OLDEST NATIONAL BANK

HEARD ALONG MAIN STREET



Two Former Cabinet Officers Join Bank

HENRY MORGENTHAU, JR., former Secretary of the Treasury, has been made chairman of the board of the Modern Industrial Bank, New York City, and ROBERT P. PATTERSON, former Secretary of War, has been elected a director. Mr. PATTERSON is president of the Association of the Bar of the State of New York.

In announcing the elections, JACOB LEICHTMAN, president of the bank, said it was believed to be the first time in recent history that two former Cabinet officers had become associated with a New York bank. Since leaving Washington, Mr. MORGENTHAU has been active in the United Jewish Appeal, serving as general chairman in 1947 and 1948.

The bank has a main office and six branches, and resources of more than \$45 million.

"Nationally Famous"

W. W. CAMPBELL, president, National Bank of Eastern Arkansas, Forrest City, who is active in American Bankers Association affairs, was runner-up in a statewide poll by *The Arkansas Farmer* to select "Mr. Arkansas Farmer of 1948." Mr. CAMPBELL ran second to Harold Young, president of the National Cotton Council, who operates a 3,500-acre farm.

"Mr. Campbell is nationally famous for his outstanding contribution to

W. W. Campbell

E. F. Dunstan



Messrs. Leichtman, Morgenthau, Patterson

agriculture," said *The Arkansas Farmer*. "He has greatly benefited his section of the state through his untiring efforts to promote balanced farming and farm ownership. His successes have inspired others to follow his leadership in helping farmers, small and large."

Dunstan Back at Bankers Trust

E. F. DUNSTAN has resigned as director of marketing of the International Bank for Reconstruction and Development, to return to Bankers Trust Company of New York as vice-president in charge of the bond department. Mr. DUNSTAN held that position prior to April 1947 when he joined the Bank to assist in its first financing and in the establishment of a broad investment market for its securities.

An executive director for the United States, EUGENE R. BLACK will have continuing supervision of the Bank's borrowing operations. He will also be in charge of its New York office.

Veteran Officers Retire

FOUR veteran officers of The First National Bank of Chicago retired at the end of 1948. Heading the list, in point of service, is Vice-president ROY R. MARQUARDT, in charge of the bank's savings department, who had been with

the bank more than 50 years. He is a former president of the Savings Division, American Bankers Association, and has served on several of its committees. Vice-president HARRY SALINGER, manager of the foreign banking department, was on the First's staff 47 years. While working for the bank as a young man he obtained an M.D. degree, but continued in banking. Assistant Vice-president THOMAS S. MCCARTHY, a 46-year veteran who has had charge of the women's banking department, and CLAUDE B. CARTER, on the staff for 26 years, are the others whose retirement became effective December 31.

Savings Banks Merger

MERGER of The Bowery Savings Bank and the North River Savings Bank provides New York City with an institution having deposits of approximately \$777-million owned by over 490,000 depositors. The consolidated banks are to be known as The Bowery Savings Bank.

HENRY BRUERE, Bowery's president, continues as president and chairman of the board of trustees. HARRIS DUNN, president of the North River, is vice-chairman. EARL B. SCHWULST, Bowery's executive vice-president, will retain that position until Mr. BRUERE relinquishes the office of president, which he expects to do next July, remaining as chairman and chief executive officer. An announcement said that Mr. SCHWULST will then become president and chief administrative officer, Mr. DUNN continuing as vice-chairman of the board.

Under the plan, ROBERT W. SPARKS will be first vice-president and P. RAYMOND HAULENBEEK will be administrative vice-president.

"The merger," said the announcement, "will enable the combined institutions, in view of the higher cost of

(CONTINUED ON PAGE 114)

THE INDIANA NATIONAL BANK

OF INDIANAPOLIS



CONDENSED STATEMENT OF CONDITION • DECEMBER 31, 1948

RESOURCES

Cash on Hand and on Deposit with		
Federal Reserve and Other Banks	\$ 95,004,720.90	\$235,274,984.17
U. S. Government Securities	140,270,263.27	
Other Bonds and Securities		15,645,812.69
Stock in the Federal Reserve Bank		450,000.00
Loans and Discounts		45,239,900.76
Bank Buildings		400,000.00
Accrued Interest Receivable		1,083,138.10
Other Resources		104,178.86
		\$298,198,014.58

LIABILITIES

Capital	\$ 4,000,000.00	\$ 18,362,755.73
Surplus	11,000,000.00	
Undivided Profits	3,362,755.73	
Accrued Interest, Taxes, Other Expenses		762,296.98
Dividend Payable January 3, 1949		120,000.00
Deposits		278,822,703.96
Unearned Discount		93,818.94
Other Liabilities		36,438.97
		\$298,198,014.58

DIRECTORS

ROY E. ADAMS
Chairman of the Board,
J. D. Adams Manufacturing Co.

CORNELIUS O. ALIG
Treasurer,
The Union Trust Company
of Indianapolis

FRED G. APPEL
Chairman of the Board,
Gregory & Appel Inc.

WILLIAM A. ATKINS
Vice-President,
E. C. Atkins & Company

R. NORMAN BAXTER
President,
The Keyless Lock Company

C. HARVEY BRADLEY
President,
W. J. Holliday & Company

ARTHUR V. BROWN
Honorary Chairman
of the Board

VOLNEY M. BROWN
President,
The Union Trust Company
of Indianapolis

FERMOR S. CANNON
President,
Railroadmen's Federal
Savings & Loan Assn.

BRODEHURST ELSEY
President,
Indianapolis Glove Company

EDGAR H. EVANS
Honorary Chairman,
Acme-Evans Company

WILLIAM P. FLYNN
Executive Vice-President

HARRY S. HANNA
President,
Indiana Bell
Telephone Company

HERMAN C. KRANNERT
President-Treasurer,
Inland Container Corp.

W. I. LONGSWORTH
President,
Lilly Varnish Company

JOHN J. MADDEN
President,
John J. Madden
Manufacturing Company

JOSEPH IRWIN MILLER
President,
Cummins Engine Co., Inc.
Columbus, Indiana

WILSON MOTHERSHEAD
Vice-President

PERRY E. O'NEAL
Thompson O'Neal & Smith

CHARLES S. RAUH
President,
Belt Railroad and
Stock Yards Company

SAMUEL B. SUTPHIN
President,
Beveridge Paper Company

CLYDE E. WHITEHILL
President,
Banner-Whitehill, Inc.

RUSSELL L. WHITE
President

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

operations due to familiar causes, to achieve economies while at the same time expanding services to their depositors. Earnings of the joint bank will be improved by reason of the availability of large deposit increases for investment at improving yields."

Before the merger, Bowery had deposits of \$670-million owned by 388,500 depositors. North River's deposits totaled \$106-million and its depositors numbered 101,500.

HARRY A. BRINKMAN, vice-president of the Harris Trust and Savings Bank,



W. E. Holmes



H. A. Brinkman

Chicago, has retired after 42 years in the Harris organization. His banking career began in 1906 when he joined N. W. Harris & Company which in 1907 was incorporated as Harris Trust and Savings Bank. From statement clerk and bookkeeper, he advanced to

assistant cashier in 1912, cashier in 1927, and vice-president in 1934. He was president of the Savings Division of the American Bankers Association in 1937 and of the Illinois Bankers Association in 1935.

WILLARD E. HOLMES, formerly vice-president of the General Finance Corporation of Chicago, has joined the Morris Plan Company of California as vice-president in charge of its Southern California offices.

H. LANE YOUNG, vice-chairman of the Citizens & Southern National Bank, Atlanta, since 1946, has retired after more than half a century in banking. He was with the bank 29 years, starting as vice-president in 1920. For some time he was chairman of the Agricultural Commission, American Bankers Association, and is widely known for his contributions to the development of agriculture. Mr. YOUNG is a former president of the Georgia Bankers Association and served two terms as a director of the Federal Reserve Bank of Atlanta. He will continue on the C. & S. board.

A. J. WEDEKING, president of the Dale (Indiana) State Bank, has been named by Governor HENRY SCHRICKER as a member of the state's Highway Commission. Mr. WEDEKING, a Republican, has been on the commission under three former governors. He was formerly a member of the Executive Council of the American Bankers Association and on the Subcommittee on Agricultural Credit of the A.B.A. Federal Legislation Committee. Governor SCHRICKER, a Democrat, was a vice-president of the Fletcher Trust Company of Indianapolis when nominated by his party last summer. He has since resigned his bank position.

Secretary of the Treasury SNYDER has appointed J. L. ROBERTSON as First Deputy Comptroller of the Currency and J. W. HUDSPETH as Third Deputy Comptroller. The latter post was formerly held by Mr. ROBERTSON. Mr. HUDSPETH had been assistant chief national bank examiner.

HENRY C. ALEXANDER has been made executive vice-president of J. P. Morgan & Company, Incorporated, of New York City.

Chemical Bank & Trust Company, New York, has elected to its board STANLEY BRACKEN, president of Western Electric Company.

THE FORT WORTH NATIONAL BANK FORT WORTH, TEXAS

★
STATEMENT OF CONDITION AT CLOSE OF BUSINESS
DECEMBER 31, 1948

★ RESOURCES

CASH AND DUE FROM BANKS	\$ 69,086,177.80
UNITED STATES GOVERNMENT SECURITIES	38,463,295.68
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS	6,144,374.52
OTHER BONDS, NOTES AND DEBENTURES	1,421,878.10
STOCK FEDERAL RESERVE BANK	210,000.00
LOANS AND DISCOUNTS	61,736,302.35
INCOME EARNED—UNCOLLECTED	243,003.28
BANKING HOUSE	\$ 1,375,000.00
FURNITURE AND FIXTURES	1.00
OTHER REAL ESTATE	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT	5,000.00
OTHER RESOURCES	72,266.30
TOTAL	<u>\$178,757,300.03</u>

★ LIABILITIES

COMMON STOCK	\$ 3,500,000.00
SURPLUS	3,500,000.00
UNDIVIDED PROFITS	502,516.18
RESERVE FOR CONTINGENCIES	1,350,000.00
RESERVE—AMORTIZATION OF BOND PREMIUMS	745,987.08
RESERVE—TAXES, INTEREST AND EXPENSE	478,143.08
LETTERS OF CREDIT ISSUED	5,000.00
INCOME COLLECTED—UNEARNED	312,081.99
DEPOSITS:	
INDIVIDUAL	\$114,951,806.30
BANK	42,709,799.13
U. S. GOVERNMENT	2,478,175.63
OTHER PUBLIC FUNDS	8,223,790.64
TOTAL	<u>\$178,757,300.03</u>

U. S. Government and other securities carried at \$18,382,395.17 in the above statement are deposited to secure public funds and for other purposes required or permitted by law

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

C. F. ANDERSON, cashier of The First National Bank, Pullman, Washington, has been elected vice-governor of Kiwanis in that area.

ALEXANDER GUNTHER, in charge of the personal loan and time sales department of the First National Bank of Philadelphia, has been made a vice-president.

E. SHEPPARD GORDY, president of the Savings Bank of Ansonia, Connecticut, celebrated his 90th birthday recently by presiding at a meeting of the board of directors. Mr. Gordy has been with the bank for more than 47 years.

HAROLD L. WHEATLEY, president of the City Savings Bank of Meriden, Connecticut, reached his 50th anniversary with the bank on December 1. He started as a runner and has been president since 1944.

WILLIAM F. COLLINS has been elected cashier of the Upper Avenue National Bank of Chicago to fill a vacancy of long standing.

CHARLES W. BURGESS, vice-president and cashier of the Security National Bank of Edgeley, North Dakota, is a new director of the Federal Reserve Bank of Minneapolis.

A.B.A., Meet "ABA"

HERE'S "ABA," the Percheron three-year-old owned by FRANK C. RATHJE, president of the Chicago City Bank and Trust Company.



The horse, one of several prize-winning thoroughbreds on Mr. RATHJE's Illinois farm, was foaled in 1945 at about the time its owner became president of the American Bankers Association. "ABA" was recently shown to the audience at the International Live Stock Show in Chicago where another of Mr. RATHJE's Percherons, "Virginia Dawn," was voted international grand champion mare.

February 1949

COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 36-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$8,195,000.—Pesos Colombian

Reserves: \$9,244,364.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Montería, Nalva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

UNION PLANTERS NATIONAL BANK & TRUST CO.

SINCE 1869

MEMPHIS, TENNESSEE

CONDENSED STATEMENT

AT THE CLOSE OF BUSINESS DECEMBER 31, 1948

RESOURCES

Cash and Due from Banks.....	\$ 80,130,546.21	
U. S. Government Securities.....	56,418,168.07	
Securities of Instrumentalities of the United States Government.....	1,702,490.55	
State and Municipal Securities.....	11,756,503.03	
Stock in Federal Reserve Bank.....	360,000.00	
Other Securities.....	1,501,568.15	
Commodity Credit Corporation Cotton Notes.....	8,500,152.96	
Loans and Discounts.....	\$105,243,684.49	
Less—Reserve set up in accordance with rulings of the Bureau of Internal Revenue.....	999,127.38	104,244,557.11
Banking Houses and Fixtures (Main Office and Branches).....	1,796,000.00	
Other Real Estate.....	2.00	
Customers' Liability a/c Letters of Credit and Acceptances.....	505,744.37	
Accrued Interest Receivable.....	315,877.11	
Other Assets.....	111,871.90	
TOTAL.....		\$267,343,481.46

LIABILITIES

Capital Stock.....	\$4,000,000.00	
Surplus.....	8,000,000.00	
Undivided Profits.....	2,138,524.21	\$ 14,138,524.21
Reserve for Improvements to Banking Quarters.....	165,000.00	
Reserve for Interest, Taxes and Expenses.....	614,024.20	
Interest Collected but not Earned.....	567,951.14	
Letters of Credit and Acceptances.....	505,744.37	
Deposits.....	251,352,237.54	
TOTAL.....		\$267,343,481.46

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION*

FRED C. HARRISON, vice-president of the Champaign County Bank & Trust Company, Urbana, Illinois, has been named to a three-year term on the Advisory Council of the School of Banking at the University of Wisconsin, sponsored by the Central States Conference of bankers' associations.

The Convention and Visitors Bureau of the New Orleans Chamber of Commerce has presented citations to four women bankers for their part in directing a regional meeting of the Southern Division, Association of Bank Women. Those honored were Miss MARION L.

HEFFRON, Mrs. ANNA G. ROUSSEL, Miss YVONNE L. TREMOULET and Mrs. KATHERINE EBRENZ.

HENRY J. VERHELLE has been appointed to the new position of comptroller of Pullman Trust & Savings Bank, Chicago.

The Farmers Bank of the State of Delaware calls three of its directors "Senator." One is the state's recently elected Senator J. ALLEN FREAR; another, ex-Senator JOHN G. TOWNSEND, JR. who also is board chairman of the Baltimore Trust Company; and the

third is former Senator JAMES H. HUGHES, who has been on the Farmers' board for more than 43 years. Senator TOWNSEND has been a director since 1902.

New officers of the Corporate Fiduciary Association of Wisconsin are: President, W. F. SCHLUNDT, Security National Bank of Sheboygan; vice-president, SHERBURN M. DRIESSEN, Marshall & Ilsley Bank; secretary-treasurer, CLARENCE LAMBRECHT, secretary-treasurer.

Recent changes in the foreign staff of Guaranty Trust Company, New York, include appointment of R. T. TUPPER BARRETT, formerly manager of the Paris office, as vice-president in charge of the European offices. MAURICE G. ST. GERMAIN succeeds him in the Paris position.

W. J. HUNTER, assistant vice-president, Union Bank & Trust Company of Los Angeles, is celebrating his 30th anniversary with the bank and also his 30 years of membership in Los Angeles Chapter, A.I.B.

PAUL E. MILLER, director of agricultural extension at the University of Minnesota, has been reappointed a Class C director of the Federal Reserve Bank of Minneapolis.

GEORGE C. BRAINARD, president and general manager of Addressograph-Multigraph Corporation, Cleveland, has received reappointment as chairman of the board of the Federal Reserve Bank of Cleveland for 1949.

The National City Bank of New York has appointed LEO N. SHAW, formerly vice-president and manager of the overseas division, to the office of senior vice-president. He continues to head the division. JAMES S. ROCKEFELLER, formerly a vice-president, was also made a senior vice-president. The bank now has three officers with this title, the other being DEWITT A. FORWARD. Mr. ROCKEFELLER is a son of the late WILLIAM G. ROCKEFELLER.

(CONTINUED ON PAGE 118)

J. S. Rockefeller

L. N. Shaw



BANKING

FASTER and FASTER COMMUNICATIONS

FRIENDLY FULTON CORRESPONDENT SERVICE

The Fulton NATIONAL BANK
COMPLETE SERVICE AT 5 OFFICES IN METROPOLITAN AREA OF ATLANTA

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

FAST • DEPENDABLE • COOPERATIVE

To Whom It Must Concern:

An alert, dependable correspondent in the nation's capital is a "must" for every bank with active dealings here. American Security & Trust Company makes a business of handling every type of bank transaction that can be useful to you, in Washington, and handling it quickly, accurately, personally.

American Security & TRUST COMPANY
WASHINGTON, D.C.

DANIEL W. BELL, President

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

IRVING TRUST

Company

NEW YORK



Condensed Statement of Condition as of December 31, 1948

ASSETS

Cash and Due from Banks	\$ 385,031,243
U. S. Government Securities	395,088,401
Other Securities	8,176,462
Stock in Federal Reserve Bank	3,150,000
Loans and Discounts	429,048,514
First Mortgages on Real Estate	2,733,075
Headquarters Building	14,528,000
Customers' Liability for Acceptances Outstanding	2,759,010
Other Assets	3,313,926
	<u>\$1,243,828,631</u>

LIABILITIES

Capital Stock	\$ 50,000,000
Surplus	55,000,000
Undivided Profits	11,433,647
Total Capital Accounts	\$ 116,433,647
Deposits	\$1,113,181,691
Reserve for Taxes and Other Expenses	2,048,091
Dividend Payable	1,000,000
Acceptances: Less Amount in Portfolio	3,371,325
Other Liabilities	7,793,877
	<u>\$1,243,828,631</u>

United States Government Securities are stated at amortized cost. Of these, \$25,460,908 are pledged to secure deposits of public monies and for other purposes required by law.

DIRECTORS

HARRY E. WARD <i>Chairman of the Board</i>
WILLIAM N. ENSTROM <i>President</i>
RICHARD H. WEST <i>Executive Vice President</i>
O. L. ALEXANDER <i>President, Pocahontas Fuel Company Incorporated</i>
HENRY P. BRISTOL <i>President, Bristol-Myers Company</i>
JOHN F. DEGENER, Jr. <i>C. A. Auffmordt & Co.</i>
WILLIAM K. DICK <i>New York, N. Y.</i>
GEORGE F. GENTES <i>Vice President</i>
I. J. HARVEY, Jr. <i>President, The Flintkote Company</i>
HAROLD A. HATCH <i>Vice President, Deering Milliken & Co., Inc.</i>
DAVID L. LUKE, Jr. <i>President, West Virginia Pulp and Paper Company</i>
HIRAM A. MATHEWS <i>Vice President</i>
MICHAEL A. MORRISSEY <i>Chairman of the Board, The American News Company</i>
PETER S. PAINE <i>President, New York & Pennsylvania Co.</i>
LEROY A. PETERSEN <i>President, Otis Elevator Company</i>
J. WHITNEY PETERSON <i>President, United States Tobacco Company</i>
JACOB L. REISS <i>President, Reiss Manufacturing Corporation</i>
FLETCHER W. ROCKWELL <i>Chairman of the Board, National Lead Company</i>
WILLIAM J. WARDALL <i>Chairman of the Board, The Best Foods, Inc.</i>
FRANCIS L. WHITMARSH <i>President, Francis H. Leggett & Company</i>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 116)

MAX STIEG, cashier of the Dairyman's State Bank, Clintonville, Wisconsin, and chairman of the Organization Committee, American Bankers Association, was named to succeed himself on the state banking review board for a term ending January 1, 1954.

First National Bank of Minneapolis has promoted JAMES A. DAVIS from cashier to vice-president and cashier, and FLOYD L. DWIGHT and HENRY HENRETTA to vice-presidencies in the trust department.



Max Steig



W. L. Day

Directors of The First National Bank of Sunbury, Pennsylvania, have elected CHARLES S. SHUMAN to the presidency, succeeding the late WILLIAM B. WAPLES. WILLIAM R. ROHRBACH was elected vice-president and board chairman.

WILLIAM L. DAY, formerly a partner in the investment banking firm of Drexel & Company, Philadelphia, has been elected a vice-president of The Pennsylvania Company for Banking and Trusts. He assumes his new position in April.

ALLAN E. ARSCOTT, president of the Canadian Bank of Commerce for four years, has succeeded S. H. LOGAN as chairman of the board. Mr. LOGAN retired after 52 years of active service. The bank's new president is STANLEY M. WEDD.

ROBERT H. MYERS, JR., son of the vice-president of the Merchants National Bank of Muncie, Indiana, has received the degree of Master of Business Administration from the University of Indiana. He is one of five students in the school's history to complete the work with a straight "A" average. The subject of his thesis was "A Study of Indiana Bank Public Relations Programs."

SYDNEY CONGDON, president of the National City Bank of Cleveland, has been made Fourth Federal Reserve District member of the Federal Advisory Council, succeeding JOHN M. MCCOY, president of the City National Bank and Trust Company, Columbus, Ohio.

CLARENCE A. MALEY, vice-president and trust officer of The American National Bank, St. Paul, will be King Boreas XII at the 1949 St. Paul winter carnival, February 11-20. Mr. MALEY was president of the carnival association from 1942 to 1946, and has served on numerous committees connected with the annual festivities.

GEORGE P. EDMONDS, president of the Wilmington (Delaware) Trust Company, has been elected a director of Continental Can Company.

RALPH E. WINDSOR, in charge of Bank of America's personnel relations for Southern California since 1942, has been made a vice-president. He formerly was an assistant vice-president.

R. W. Windsor

G. P. Edmonds



706,227 SAVINGS AND CHECKING ACCOUNTS

CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1948

ASSETS	
Cash on Hand and in Banks	\$ 232,251,046.07
United States Government Securities	536,038,119.21
State, Municipal and Other Securities, including Stock of the Federal Reserve Bank	67,616,629.14
Loans and Discounts	257,401,879.28
Bank Premises	3,830,111.42
Other Real Estate	1.00
Other Assets	3,016,690.98
Total	\$1,100,154,477.10

LIABILITIES	
Capital Stock	\$ 13,800,000.00
Surplus	26,200,000.00
Undivided Profits	7,497,519.46
Reserve for Contingencies	2,660,720.67
Total Capital Funds	\$ 50,158,240.13

DEPOSITS	
Commercial and Savings	\$1,015,729,953.30
Estates and Corporate Trust	28,870,267.84
Accrued Taxes, Interest, etc.	3,428,178.14
Other Liabilities	1,967,837.69
Total	\$1,100,154,477.10

Contingent Liability on Loan Commitments—\$16,237,500.00

United States Government Securities carried at \$64,735,762.50 are pledged to secure U. S. Government Deposits and other Public Funds and for other purposes as required or permitted by law.

Assets are shown NET after deducting Reserves.

Ohio's Largest Bank
welcomes individuals and corporations
seeking new or additional banking services.
53 CONVENIENT OFFICES
Northern Ohio:
Painesville • Willoughby • Bedford • Lorain
Everywhere in Greater Cleveland
COMMERCIAL • SAVINGS • TRUSTS

Member: Federal Deposit Insurance Corporation

Federal Reserve System



R. P. Doherty



R. E. Straus

The National Bank of Commerce, Houston, has promoted A. D. SIMPSON from the presidency to the vice-chairmanship of the board. The new president is R. P. DOHERTY, formerly executive vice-president. JOHN E. WHITMORE and E. O. BUCK are new vice-presidents, while J. A. FOLLIS and G. W. COLES have been made assistant cashiers.

WILEY R. REYNOLDS, JR., has been elected president of the First National Bank in Palm Beach, to succeed his father, the late WILEY R. REYNOLDS. COMER J. KIMBALL was advanced from vice-chairman to chairman of the board. The senior Mr. REYNOLDS' place as chairman of the First National Bank in Lake Worth, Florida, has been filled by BYRON L. RAMSING.

ROD MACLEAN, assistant cashier of the Union Bank & Trust Company, Los Angeles, sent to friends at Christmas a booklet of his own verses, *California Mistology*.

Promotions at the Rapides Bank & Trust Company, Alexandria, Louisiana, include TYLER BLAND and WARREN LEMOINE as assistant vice-presidents, and JAMES C. KING as assistant trust officer.

WILLIAM N. BANKS, president of four Georgia textile manufacturing companies and chairman of two others, has been elected as director of the Trust Company of Georgia.

CHARLES C. SIMONS was recently elected a vice-president of the American Trust Company, San Francisco.

HARRY E. PETERSEN has been appointed advertising manager of Citizens

C. S. Simons

H. E. Petersen



National Trust & Savings Bank, Los Angeles.

ROBERT E. STRAUS has been elected executive vice-president of the American National Bank and Trust Company, Chicago. JOHN H. KLUG, cashier, was made vice-president and cashier. New vice-presidents are GEORGE D. BUSHNELL, ALLEN P. STULTS, and PAUL C. RAYMOND.

R. T. HOBerecht, formerly a branch manager for the Citizens National Trust & Savings Bank of Los Angeles, has been elected president of the New Mexico State Bank, Albuquerque.

WILLIAM H. HASKINS, for many years treasurer of the Union Trust Company of Springfield, Massachusetts, has been elected vice-president. The new treasurer is CHARLES R. MOON, formerly assistant treasurer.

The First National Bank of Sayreville, New Jersey, was the one-thousandth organization enrolling in the Hospital Service Plan of New Jersey. For the bank the enrolment represented a transfer to a system that provided better protection; it had previously provided life, sickness and accident insurance, hospitalization, and medical-surgical coverage for its employees, without cost to them.

The State Bank of Girard, Illinois, celebrated its 75th anniversary early this winter by inviting customers and friends to an evening entertainment in the local high school, following a dinner at which the bank's official family and staff were hosts to out of town bankers. During the afternoon an open house gave visitors an opportunity to inspect the bank's remodeled building.

NORMAN BRASSLER, vice-president of the Paterson (New Jersey) Savings and Trust Company, is chairman of an industrial development committee which, under chamber of commerce auspices, will service local industry with an unpaid, technical advisory staff.

PARKES ARMISTEAD, president of the American National Bank of Nashville, was recently made a director of the Nashville branch of the Federal Reserve Bank of Atlanta.

Vice-President TAYLOR F. MULLEN of the Security-First National Bank of Los Angeles is now manager of the trust department and a member of the executive committee.

The First National Bank of Joliet, Illinois, opened December 18. It is capitalized at \$250,000. MORTIMER GOODWIN is president.

Directors of Worcester County Trust Company of Worcester, Massachusetts, have voted to acquire the Southbridge National Bank.

The Indiana National Bank of Indianapolis has purchased the Madison Avenue State Bank of that city and will operate it as a branch.

Directors and staff of the Manistee (Michigan) County Savings Bank paid tribute to President O. F. LUNDBOM at a dinner in honor of his 50th anniversary with the bank. Bankers from neighboring towns also attended.

Chase National Bank of New York has promoted JAMES J. GANUN to a vice-presidency.

SAMUEL C. ROLPH has been made a vice-president of California Trust Company, Los Angeles.

Central Hanover Bank and Trust Company, New York, has promoted RECTOR K. FOX, C. R. PARKER, JR., WALTER F. THOMAS, A. C. THOMPSON, and J. A. TURNBULL to vice-presidencies.

MAURICE D. HARTMAN and HENRY D. M. SHERRERD have been elected vice-presidents of Fidelity-Philadelphia Trust Company, Philadelphia.

EDWARD S. FRESE has been made a vice-president of the Grace National Bank, New York.

CYRIL G. KRESS and JOSEPH L. HOCKENOS are new vice-presidents of the Lincoln Rochester Trust Company of Rochester, New York.

CHARLES A. KANTER, formerly president, has been elected chairman of the Manufacturers Trust Company of Detroit. WILLIAM A. MAYBERRY moved from the executive vice-presidency into the presidency.

GEORGE E. PIERCE and WALTER E. BORDEN have been made senior vice-

C. A. Kanter

W. A. Mayberry



presidents of the National Shawmut Bank, Boston. New vice-presidents include JAMES ARRINGTON, E. PHILLIPS WALKER, and WILLIAM B. SCHMINK.

Promotions at the Republic National Bank of Dallas include: J. WILLIAM MASSIE to vice-president and comptroller and CECIL L. MURPHY to vice-president. Mr. MASSIE is a past president of the National Association of Bank Auditors and Comptrollers.

GEORGE F. BAKER, JR., third of that name to serve on the board of the First National Bank of New York, has been elected a director.



J. W. Massie



H. Y. Lemon

RAYMOND C. BALL, vice-president of the Chemical Bank & Trust Company of New York, has joined the Phoenix State Bank and Trust Company of Hartford, Connecticut, as first vice-president and director. Mr. BALL, with

the Chemical since 1926, was in charge of its New England division.

CHARLES E. SPENCER, JR., chairman of the First National Bank of Boston, has been reappointed to the Federal Advisory Council for the current year.

Hal Lemon Retires

HAL Y. LEMON, general vice-president of the National Bank of Detroit and director of its out-of-town division, has retired. JOHN R. McLUCAS, vice-president, succeeds him as division head.

Mr. LEMON, a former treasurer of the American Bankers Association, came to the bank when it was organized in 1933 by WALTER S. McLUCAS, now chairman. His job was to establish national and world-wide banking connections to expedite Detroit's industry, an assignment he successfully carried out during the depression years.

He has long been active in both the A.B.A. and the Reserve City Bankers Association.

W. B. MILLARD, JR., formerly a senior vice-president of The Omaha National Bank, has been made president, succeeding W. D. CLARK who continues as chairman of the board.

New vice-presidents at the Northwestern National Bank of Minneapolis: GOODRICH LOWRY, JOHN A. MOORHEAD, HENRY T. RUTLEDGE, CHARLES E. HARMON, and LEONARD P. GISVOLD.

M. F. MARKWARD, formerly auditor, is now comptroller of The Fort Worth National Bank. TOM B. MILLER has been elected auditor.

The Bankers Club of New York, employee organization of Bankers Trust Company, now has an overseas affiliate. The London Chapter was organized on January 1 with 68 members, all of whom are employees of the London office of the bank.

The executive committee of the new London branch, Bankers Club



Condensed Statement of Condition

at close of business
December 31, 1948

DIRECTORS

SAMUEL K. RINDGE
Chairman of the Board

HERBERT D. IVEY
President

MILO W. BEKINS
W. J. BOYLE
WALTER H. BUTLER
RALPH J. CHANDLER
EUGENE P. CLARK
DWIGHT L. CLARKE
T. B. COSGROVE
A. M. DUNN
ERNEST E. DUQUE
GEORGE W. HALL
ROBERT E. HUNTER
WILLIAM A. INNES
L. O. IVEY
ROBERT W. KENNY
WILLIAM S. ROSECRANS
W. A. SIMPSON
J. HARTLEY TAYLOR
DONALD W. THORNBURGH
E. C. WILSON

Resources

Cash and Due from Banks	\$ 87,274,042.71
United States Government Securities	190,202,860.39
State, County and Municipal Bonds	482,454.29
Loans and Discounts	73,598,847.33
Federal Reserve Bank Stock	300,000.00
Stock in Commercial Fireproof Building Co.—Head Office Building	348,500.00
Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches)	2,250,157.06
Other Real Estate Owned, Carried at	1.00
Customers' Liability under Letters of Credit and Acceptances	1,136,192.22
Earned Interest Receivable	796,383.74
Other Resources	127,516.87
TOTAL	\$356,516,955.61

Liabilities

Capital Stock	\$5,000,000.00
Surplus	5,000,000.00
Undivided Profits	4,125,158.83
Reserves for Interest, Taxes, Contingencies, Etc.	2,500,879.38
Discount Collected—Unearned	355,877.62
Letters of Credit and Acceptances	1,258,879.62
Other Liabilities	898,607.39
Deposits	337,377,552.77
TOTAL	\$356,516,955.61

CITIZENS
NATIONAL BANK
FUND & SAVINGS DEPARTMENT

Head Office: Fifth & Spring Streets, Los Angeles
Hill Street Office: 736 So. Hill Street
Subway Terminal Office: 439 So. Hill Street
Conveniently located Branches throughout Los Angeles

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Complete Banking and Trust Service

STATEMENT OF CONDITION, DECEMBER 31, 1948

RESOURCES

Cash on Hand and Due from Other Banks		\$ 360,776,194.50
United States Government Securities		600,518,486.51
Stock of the Federal Reserve Bank		1,500,000.00
Other Securities		75,765,974.39
Loans:		
Loans and Discounts	\$ 179,860,173.89	
Real Estate Mortgages	51,648,232.05	
	<u>\$ 231,508,405.94</u>	
Less Reserve	2,246,939.13	229,261,466.81
Accrued Income and Other Resources		4,592,907.51
Branch Buildings and Leasehold Improvements		1,708,693.04
Customers' Liability on Acceptances and Letters of Credit		2,359,236.26
		<u>\$1,276,482,959.02</u>

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$1,117,909,009.37	
United States Government	59,184,069.80	
Other Public Deposits	<u>31,219,854.50</u>	\$1,208,312,933.67
Accrued Expenses and Other Liabilities		3,693,162.28
Dividend Payable February 1, 1949		600,000.00
Acceptances and Letters of Credit		2,359,236.26
Reserves		3,805,194.51
Capital Funds:		
Common Stock	\$ 15,000,000.00	
Surplus	35,000,000.00	
Undivided Profits	<u>7,712,432.30</u>	57,712,432.30
		<u>\$1,276,482,959.02</u>

United States Government Securities carried at \$91,643,190.54 in the foregoing statement are pledged to secure public deposits, including deposits of \$15,697,825.75 of the Treasurer-State of Michigan, and for other purposes required by law.

DIRECTORS

HENRY E. BODMAN
ROBERT J. BOWMAN
PRENTISS M. BROWN
CHARLES T. FISHER
CHARLES T. FISHER, JR.

JOHN B. FORD, JR.
B. E. HUTCHINSON
ALVAN MACAULEY
WALTER S. McLUCAS
W. DEAN ROBINSON

NATE S. SHAPERO
R. PERRY SHORTS
GEORGE A. STAPLES
R. R. WILLIAMS
C. E. WILSON

TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

Bank Building Case History

(CONTINUED FROM PAGE 54)

scene is themed to the "Youth of America," depicting confidence, strength, hope, and faith. The largest mural, entitled "The Progress of Mankind," portrays the diversity of interests responsible for the growth and development of the community.

This modernization job presented a difficult problem because of the unusually narrow area of the old quarters. However, the handling of the remodeled

layout gives a feeling of spaciousness. Located on the right side looking toward the rear of the main room are eight modern tellers' windows, with marble counter screens, black marble deal plates, small aluminum wickets, glass partitions, and edge-lighted lucite identification plaques. Small inoffensive bronze grills over the deal plate give maximum visibility to all transactions.

Built into the opposite wall are conveniently placed and individually lighted customers' desks. This arrange-

ment favors the public area, which is free from all other obstructions. The counters have plate glass tops with pigeon-holes below for forms.

In the rear is the safe deposit vault with several new and attractive coupon booths. The vault is 15 x 25 feet in size and has 18-inch thick walls, ceiling and floor, all doubly reinforced by steel and further protected by half-inch steel plates. The 15-ton vault door is 20-inches thick and is constructed of a steel which defies the burglar's torch.

The officers' section is located at the front of the building close to the entrance and separated from the public lobby by light and attractive aluminum railings. On the opposite side is a small raised area for the personal loans and new accounts desk. This desk was designed as a semicircular unit to conform with the contour of the railing. Behind this desk are the private offices of the trust department. Nearby is the stairway leading to second floor offices.

The second floor, which is actually an enclosed mezzanine, houses the directors' room, which has windows overlooking the main banking floor. Working spaces utilize fluorescent lighting and are acoustically treated.

Another innovation for this bank in its remodeling was the installation of a night depository, permitting Belleville residents for the first time to make deposits around the clock.

The St. Clair National Bank was first organized in 1919 by Arthur Eldman, opening for business on October 15 of that year. C. P. Hamill is now president of this thriving institution, which lists some \$9-million in deposits.

When the remodeled bank held open house a few months ago, the event was preceded by a two-page spread in the local newspaper, the *News Democrat*.



Now is the time to order
Christmas Savings Club supplies

Get exclusive benefits—Rand McNally Savings Club Systems feature use of registered, protective safety paper—for easier, more efficient handling of coupons. We also feature individualized systems—tailor-made to fit your every need.

Get the complete package—Rand McNally Savings Club Systems contain all materials necessary for efficient, economical operation of your Savings Club. Every type of system is available. Vacation Clubs, Tax Clubs, etc.

Write Rand McNally—right now! For samples and complete details.

RAND McNALLY & COMPANY
 Systems Division
 536 S. Clark Street • CHICAGO 5
 111 Eighth Avenue • NEW YORK 11



"On my allowance, Pop, I got so many financial worries I can't concentrate on my studies!"

STATEMENT OF CONDITION, DECEMBER 31, 1948

RESOURCES

Cash and Due from Banks	\$1,415,325,554.27
U. S. Government Obligations	1,482,077,657.32
State and Municipal Securities	29,644,483.89
Other Securities	120,452,314.28
Loans, Discounts and Bankers' Acceptances	1,482,834,293.72
Accrued Interest Receivable	9,198,644.19
Mortgages	28,772,864.03
Customers' Acceptance Liability	21,345,532.31
Stock of Federal Reserve Bank	7,950,000.00
Banking Houses	30,232,188.73
Other Assets	3,638,048.73
	<u>\$4,631,471,581.47</u>

LIABILITIES

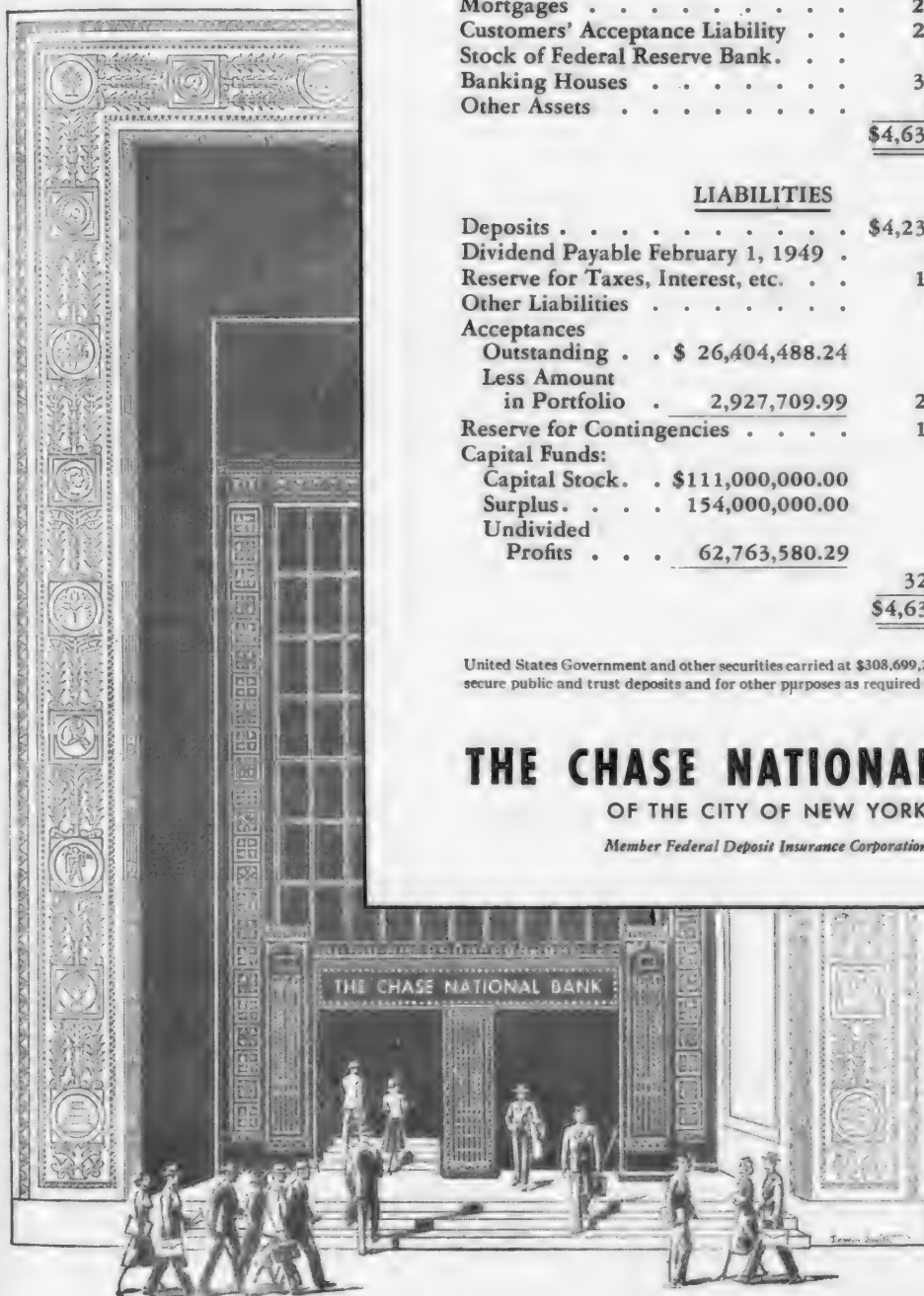
Deposits	\$4,237,000,105.89
Dividend Payable February 1, 1949	2,960,000.00
Reserve for Taxes, Interest, etc.	10,869,978.67
Other Liabilities	9,532,215.36
Acceptances Outstanding . . . \$ 26,404,488.24	
Less Amount in Portfolio	2,927,709.99
Reserve for Contingencies	23,476,778.25
Capital Funds:	19,868,923.01
Capital Stock . . . \$111,000,000.00	
Surplus	154,000,000.00
Undivided Profits	62,763,580.29
	<u>327,763,580.29</u>
	<u>\$4,631,471,581.47</u>

United States Government and other securities carried at \$308,699,200.00 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation



Reporting Bank Sales of Savings Bonds

THE plan followed in Cook County, Illinois, for reporting bank sales of U. S. Savings Bonds has proved unusually effective in stimulating the program in that area. Each month the banks of the county receive a letter from Arnold J. Rau, the Treasury Department's State Director for Illinois, along the following lines taking November 1948 as an example:

The attached report shows total sales for Series E Bonds by Cook County banks for

the month of November 1948, as compared to the E Bond sales for the same month last year.

Cook County bank sales for November are \$2,435,343.75 ahead of the same month a year ago. Cook County bank sales have exceeded those of a year ago by a substantial margin each month this year.

We appreciate your continued support of the U. S. Savings Bond promotion program.

The report includes a total of the sales by every bank in the county for the current month and for the same month of the previous year.

Also included is a report on the sales of E, F and G Bonds in every county in the state.

Below is an example of the way in which the figures on bank sales of E Bonds are reported for the banks of the Loop Division.

	November 1948 Sales	November 1947 Sales
American Nat'l Bk. & Tr. Co.	\$ 420,881.25	\$ 140,250.00
City National Bk. & Tr. Co.	174,112.50	180,093.75
Continental Ill. Nat'l Bk. & Tr. Co.	573,525.00	436,331.25
First National. . .	1,100,868.75	841,912.50
Harris Trust & Savings.	184,406.25	105,618.75
Northern Trust Company.	468,956.25	431,475.00
TOTAL.	\$2,922,750.00	\$2,135,681.25

The same information is given for banks in various parts of the county grouped according to location.

"Open Your Heart"

WINTHROP W. ALDRICH, chairman of the Chase National Bank, New York, is treasurer of the National Heart Association's 1949 national campaign to raise \$5-million from February 7 to February 28.

"I do not think," says Mr. ALDRICH, "there is any program which is more essential to the over-all health of our people and to the financial and business community in particular. The banker has attained a respected position in American life as a wise counselor and a warm friend. The 'bank' has become an American symbol of help in times of personal need. In his strategic position in the community, the banker is the means of obtaining the greatest physical benefits and, at the same time, the means of averting or softening the greatest adversities. Experience has shown that the American banker has always been ready to help.

"He can be of inestimable assistance in the forthcoming heart campaign by cooperating with local heart associations and committees, whether it be through personal or institutional contributions, or by displaying plastic heart coin collectors or other campaign and educational materials.

"It is my hope that American bankers will offer their cooperation in the heart campaign as readily as they have always responded whenever the community has called upon them."

The slogan of the drive is "Open Your Heart: Fight Heart Disease."



MICHIGAN NATIONAL BANK

BATTLE CREEK FLINT GRAND RAPIDS LANSING
MARSHALL PORT HURON SAGINAW

STATEMENT OF CONDITION DECEMBER 31, 1948

RESOURCES

Cash and Due from Banks	\$33,576,432.53	
U. S. Government Securities	65,678,150.60	\$99,254,583.13
Loans and Discounts		87,140,102.43
Bank and Office Buildings		2,984,541.96
Federal Reserve Bank Stock		210,000.00
Accrued Income		446,227.26
Other Assets		244,677.20
Total Resources		\$190,280,131.98

LIABILITIES

Commercial Deposits	\$103,757,235.44	
Savings Deposits	75,285,601.23	\$179,042,836.67
Other Liabilities		1,821,793.90
Preferred Stock	1,000,000.00	
Common Stock	3,000,000.00	
Surplus	3,000,000.00	
Undivided Profits	2,415,501.41	9,415,501.41
Total Liabilities		\$190,280,131.98

OPEN EACH WEEK DAY INCLUDING SATURDAY UNTIL 4:30 P.M.

MEMBER

Federal Reserve Bank
Federal Deposit Insurance Corporation



The First National Bank of Chicago

Board of Directors

Edward E. Brown
Chairman of the Board

Leopold E. Block
Chairman, Finance Committee,
Inland Steel Company

Ralph Budd
President, Chicago,
Burlington & Quincy R. R. Co.

Augustus A. Carpenter
Director, Hills-McCanna
Company

J. D. Farrington
President, Chicago,
Rock Island and Pacific
Railroad Company

James B. Forgan
Vice-Chairman of the Board

Walter M. Heymann
Vice-President

Henry P. Isham
President, Clearing Industrial
District, Inc.

James S. Knowlson
Chairman of the Board
and President,
Stewart-Warner Corp.

Homer J. Livingston
Vice-President

Hughston M. McBain
President,
Marshall Field & Company

Bentley G. McCloud
President

James Norris
President, Norris Grain Co.

John P. Oleson
Banker

Irvin L. Porter
Vice-President

Edward G. Seubert
Chicago, Ill.

Statement of Condition December 31, 1948

ASSETS

Cash and Due from Banks	\$ 614,921,553.67
United States Obligations—Direct and fully Guaranteed	
Unpledged	\$ 513,441,705.65
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order	88,438,500.00
To Secure Trust Deposits	76,605,266.70
Under Trust Act of Illinois	521,360.00
Other Bonds and Securities	91,472,928.52
Loans and Discounts	844,048,751.42
Real Estate (Bank Building)	2,816,524.06
Federal Reserve Bank Stock	4,200,000.00
Customers' Liability Account of Acceptances	3,733,689.91
Interest Earned, not Collected	4,922,641.00
Other Assets	256,706.99
	<u>\$2,245,379,627.92</u>

LIABILITIES

Capital Stock	\$ 75,000,000.00
Surplus	65,000,000.00
Other Undivided Profits	3,934,180.00
Discount Collected, but not Earned	1,306,463.31
Dividends Declared, but Unpaid	1,200,000.00
Reserve for Taxes, etc.	16,331,593.40
Liability Account of Acceptances	4,080,881.70
Time Deposits	\$ 427,765,063.37
Demand Deposits	1,511,574,949.92
Deposits of Public Funds	139,185,555.54
Liabilities other than those above stated	940.68
	<u>\$2,245,379,627.92</u>

R. Douglas Stuart
Vice-Chairman,
Quaker Oats Company

George G. Thorp
Madison, Wis.

Louis Ware
President, International
Minerals & Chemical Corp.

Albert H. Wetten
President, A. H. Wetten & Co.

Harry A. Wheeler
Banker

C. J. Whipple
Chairman of the Board,
Hibbard, Spencer, Bartlett & Co.

John P. Wilson
Wilson & McIlvaine

Robert E. Wilson
Chairman of the Board,
Standard Oil Company
(Indiana)

Robert E. Wood
Chairman of the Board,
Sears, Roebuck and Co.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



DOUBT REMOVER

A check on the adequacy of depreciation reserves, on the effect of the depreciation policy on earnings—one of the many functions of American Appraisal Service.

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The C. L. DOWNEY Company
MANNESMAN BUILDING
World's Largest Mfrs. of Coin Wrappers

World Business

(CONTINUED FROM PAGE 51)

like multiple rates of exchange. But, under the circumstances, it can see worse alternatives and so must go along with what in any case is a *fait accompli*.

In Buenos Aires, Mr. Gutt and party called on President Peron and Economic Affairs Minister Miranda, but the head of the central bank, to use Mr. Gutt's word, became "invisible" when Mr. Gutt arrived. It seems that Sr. Maroglio had been unsuccessful in his efforts to get a loan in Wall Street and therefore was in Sr. Miranda's "doghouse." With all its foreign-exchange problems, Argentina might appear to be a logical candidate for Fund and Bank membership. But Mr. Gutt insists that during his hour-long talk with Sr. Miranda the matter was not even mentioned. What they talked about we do not know.

International Investment Risks

A discouraging view of international investment risks is that held by Dr. Ernst H. Feilchenfeld, professor of international organization and international law at Georgetown University. The author of various books in this field, including *Rights and Remedies of Foreign Bondholders* and *Priorities in Foreign Debt Settlements*, when asked by the writer for his opinion of the effects of World War II on international investment, commented:

"During World War I it became unsafe to invest in a country that might one day be at war with the investor's own country. During World War II there was not only confiscation of enemy property, but investments in allied countries turned out to be unsafe because the allied country might be overrun; or else, as the United States did, go in for protective freezing of allied assets. Or, as happened in England, payments abroad might be discontinued during the war and not be resumed after the war.

"Even in peacetime the general trend toward collectivism and antiforeign measures has led to a situation where there is not a single country left in which confiscation, nationalization without adequate compensation, confiscatory money inflation, repudiation, confiscatory taxation and dozens of other quasi-confiscatory acts need not be feared. Worst of all,—transfers of assets may always be stopped by freezing. Not only that, it is not even certain that the investor will be permitted to migrate to the country where his assets are frozen (assuming he cares to go there). Considering all these risks, even a Canadian farm is no longer a safe investment for an American citizen.

"Unless rules of reliability can be re-established and restrictions on the movement of men and goods be considerably mitigated, international investment may not be dead, but it certainly should be if people have any sense. There are only two possible exceptions.

One, where there is great hope that the whole investment can be reobtained with very great profit; the other, where a resident of a very disturbed country wants to put his assets into the best possible place of refuge abroad. I see no purpose in international conferences which merely tend to obscure the true situation. I see much sense in a sit-down strike designed to enforce early and substantial improvements."

Gloomy Philosopher

Bertrand Russell has earned the moniker of "the gloomy earl" by his lecture broadcast by the British Broadcasting Corporation at the turn of the year, for he fears the way the world is drifting. Never before has any large state controlled its citizens as the inhabitants of the USSR are today controlled, Earl Russell observes. If unchecked, the tendency must end in the creation of a single world state. In Britain, over wide fields, "those who have nominal initiative are perpetually controlled by a civil service that has only a veto and no duty of inauguration and thus acquires a negative psychology, perpetually prone to prohibitions."

Russell continues: "It may be that the present tendencies toward centralization are too strong to be resisted until they have led to disaster, and that, as happened in the Fifth Century, the whole system must break down with all the inevitable results of anarchy and poverty before human beings can again acquire that degree of personal freedom without which life loses its savor."

Fiscal Commission

Hearing that the UN Fiscal Commission was to hold a meeting at Lake Success to discuss taxation around the world, it occurred to us that this might be something of interest to Americans

"... and now we will hear from our treasurer, who has some rather disturbing news!"



with investments abroad. Our inquiry proved disappointing, however. The commission would meet, talk, issue some reports and adjourn; but its agenda included no program of action and no practical results were to be expected. In other words, it was just one more meeting, convoked in keeping with the UN organization chart. The American delegation was headed by E. F. Bartelt, fiscal Assistant Secretary of the Treasury.

Deutschemerk Is Willing

Although it precipitated the siege of Berlin, last June's currency reform in Western Germany got off to a very promising start. But the flower which blossomed so happily amid the gray ruins of war has lately withered apace and seems not to have taken root at all. This may not be without its lessons elsewhere; for one often hears it argued that currency stabilization is the indispensable "first step" toward economic health.

Today in Western Germany inflation is again under way. As compared with the provisional parity of 30 cents per Deutschemerk, the black market in Europe will give you DM23 for a dollar. The press reports that saving of money in Western Germany is now almost nonexistent. But the "saving" of goods is widespread. And the cigarette economy seems to be returning, assisted by obliging GIs. Deficit spending by local German governments, private borrowing from the German banks and the unblocking of bank deposits all have played a part in the return of inflation to the Rhine.

Another headache of the Army-turned-economist is the development of Trizonia's export trade, with a view to relieving the American taxpayer of some of the current burdens of World War II. There is, for instance, the new bilateral trade agreement with Uruguay, full details of which have not been published at this writing. Some American businessmen are wondering whether, in addition to contending with discriminatory deals between pairs of foreign countries, they must look forward to like pacts devised by our own authorities in occupied countries. The inescapable fact is that scores of millions of our former enemies can earn their living only by international trade in competition with other trading nations, ourselves included.

Correspondence with India

If you correspond with India in the native tongue you will be pleased to learn that the United Provinces have

agreed to cut the alphabet in two; that is, the Devanagiri script used by most Indians. The old script contained 62 letters and notations. Now there are only 30 altogether. The Remington typewriter used in India contains 92 letters and punctuation signs; but with the change in alphabet, it will need

only 52. The first signature in the new script was applied to a world pact when the Indian delegate signed the Drug Control Treaty in Paris last November, a signature which drew heavily on the alphabet.

The delegate's name? Mrs. Vijayalakshmi Pandit.

- The higher your standards of correspondent service, the better pleased you will be with our well rounded facilities.



AMERICAN NATIONAL BANK

at Indianapolis

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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- Or, make a free sample offer of one personalized checkbook. 25% will reorder imprinted checks at their own expense. Ask about this "Free 25" deal.
- As for your Special Checking accounts — either Free Checkbook or Sell-the-Book: We furnish an imprinted service unmatched in banking history. Our small runs of 40 or 50 checks (2 books) are ideal for the bank.
- All our personalized pocket checks are shipped direct if desired and have routing symbol in the A.B.A.-approved upper right-hand corner.
- Cost? Lowest in the field—even lower than you think. Write us Today!
- P. S.—If you prefer to imprint on your premises, we can supply all the equipment.

CheckMaster

270 MADISON AVENUE, NEW YORK 16, N. Y.

News for Country Bankers

(CONTINUED FROM PAGE 58)

women leaders. The association's county key bankers awarded 731 leader pins in 1948. Other leaders received pins in former years." (See cut below.)

Corn Growers Contest

DOZENS of gold and silver medals were awarded to 128 contestants at the Clay County (Illinois) Bankers As-

sociation's 11th annual corn growers banquet in Brazil.

The purpose of the association's five-acre contest, according to C. H. Knoll, Clay County key banker, is to stimulate increased interest in soil improvement and erosion prevention, rotation of crops, and fertilization. It whoops up enthusiasm for its program with this slogan: "Be as careful in overdrawing your soil fertility account as you should be in overdrawing your bank account."

Grower contestants are divided into adult and junior groups and each of these groups are again subdivided into bottomland and upland units.

George Enfield, Purdue University agronomist, spoke at the banquet on the development of hybrid corn.

A father-and-son team—Roy L. and Marvin Schopmeyer, of Washington Township—won the bottomland contests, Schopmeyer, Sr., receiving a rose gold medal for a 150.8 bushels per acre average, while Marvin's average yield was 147.2 bushels per acre. The senior farmer in the upland contest, averaged 147.5 bushels per acre. Schopmeyer, Sr., won the bottomland trophy in 1938 and again in 1944 and was crowned King of Kings in the 1948 Clay County contest. Four types of medals—rose gold, green gold, gold, and silver—are used by the bankers association to designate the standing of the winners.

Farm Calls Build Goodwill

FROM 700 to 800 farm calls are made annually by the full time farm service representative of The National Bank of South Dakota in Sioux Falls. This man is agriculturally trained with county agent and farm management experience, is well qualified to advise and counsel with farmers about their crops, livestock, operating, and financial problems. Some of his calls involve specific business, others are just friendly visits, but all build closer customer relations and develop new business.

First National's farm representative also maintains close contact with farm organizations, both adult and junior, and represents the bank at major farm meetings, and very often assists in planning these meetings.

Accurate and speedy customer window service is another goodwill builder for the bank. Tellers and clerks are equipped with every type of modern time-saving appliance in the interest of efficiency, including commercial teller machines, savings passbook posting machines, multiple register and tape proof machines, and microfilm machines.

(CONTINUED ON PAGE 130)

Frank R. Hodgson, farm specialist, Capital National Bank of Sacramento, and Sacramento County key banker, presents achievement pins to Courtland 4-H President Gary Pylman for club members



STATEMENT OF CONDITION

MERCANTILE-COMMERCE

BANK AND TRUST COMPANY

Eighth-Locust-Seventh-St. Charles
ST. LOUIS 1, MISSOURI

DECEMBER 31, 1948



THE RESOURCES

Cash and Due from Banks.....	\$109,498,961.18
United States Government Obligations, direct and guaranteed (incl. \$23,765,677.62 pledged*).....	117,087,023.15
Other Bonds and Securities.....	17,411,415.87
Demand and Time Loans.....	121,659,829.42
Stock in Federal Reserve Bank in St. Louis.....	600,000.00
Real Estate (Company's Building).....	2,750,000.00
Other Real Estate (Commerce Building).....	700,000.00
Overdrafts.....	6,811.16
Customers' Liability on Acceptances and Letters of Credit.....	618,142.97
Other Resources.....	56,091.85
	<u>\$370,388,275.60</u>

THE LIABILITIES

Capital Stock.....	\$12,500,000.00
Surplus.....	7,500,000.00
Undivided Profits.....	5,656,831.03
Reserve for Dividend Declared.....	250,000.00
Reserve for Interest, Taxes, etc.....	1,101,391.59
Bank's Liability on Acceptances and Letters of Credit.....	618,142.97
Other Liabilities.....	268,435.56

Deposits, Secured:

U. S. War Loan \$ 10,475,472.48
Other Public Funds.....
8,649,469.89 \$ 19,124,942.37

Other Deposits:

Demand.....	\$265,454,577.29
Savings.....	56,609,332.54
Time.....	1,304,622.25
	<u>\$323,368,532.08</u>
	<u>\$342,493,474.45</u>
	<u>\$370,388,275.60</u>

* All securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



THE ROYAL BANK OF CANADA

Head Office, Montreal

SYDNEY G. DOBSON
President

JAMES MUIR
Vice-President and General Manager

BURNHAM L. MITCHELL
Vice-President, Toronto

Condensed Annual Statement as on 30th November, 1948

ASSETS

Cash, cheques and balances with other banks.....	\$ 425,204,065.67
Government and other public securities.....	918,420,522.36
Other securities.....	136,626,725.57
Call loans.....	56,534,207.84
Other loans and discounts.....	600,923,527.65
Liabilities of customers under letters of credit.....	65,104,477.12
Other assets.....	19,674,260.30
	<u>\$2,222,487,786.51</u>

LIABILITIES

Capital, reserve and undivided profits.....	\$ 81,485,447.43
Notes in circulation.....	4,320,934.27
Deposits.....	2,067,488,996.81
Letters of credit outstanding.....	65,104,477.12
Other liabilities.....	4,087,930.88
	<u>\$2,222,487,786.51</u>

Over 640 Branches in Canada and Newfoundland—62 Branches Abroad, including:

LONDON, NEW YORK, HAVANA, BUENOS AIRES, RIO DE JANEIRO, SAO PAULO, MONTEVIDEO, LIMA, BOGOTA, CARACAS, BELIZE, NASSAU, also in PUERTO RICO, DOMINICAN REPUBLIC, HAITI, BARBADOS, DOMINICA, JAMAICA, ST. KITTS, TRINIDAD, MONTSEERRAT, ANTIGUA, GRENADA, BRITISH GUIANA.

Auxiliary in France

THE ROYAL BANK OF CANADA (FRANCE)
Paris

NEW YORK AGENCY
68 William Street

NORMAN G. HART
EDWARD C. HOLAHAN
Agents

News for Country Bankers

(CONTINUED FROM PAGE 128)

Vision of Dust Bowl Banker Justified

DUST blew so thick across the High Plains 13 years ago that at midday a farmer caught on the main street at Walsh, Colorado, could not see his hand before his face.

Groping, he entered the Colorado State Bank, where the silt was less dense. By the glow of a lamp dimly

shining through the powdery cloud, he saw R. B. Holt, then as now president of the only two banks in Baca County, a region larger than half the state of Connecticut.

The farmer wanted a loan. And who would lend money in Baca County in the 1930s? Newspapers, magazines, books, the radio and motion pictures were condemning that county as the axis of the dust bowl, where, so they said, deserts were on the march. People were moving out of the country; in 10 years the population declined by 4,363. By 1940 only 6,207 had stuck.

Mr. Holt lent the farmer enough to grubstake his family and to buy a

chisel, a tractor powered implement that plows the land into great clods, thereby forming a windbreak at the surface to catch and drift the blowing soil.

In the year 1948, which approximates the average of the last eight, Baca County produced four million bushels of wheat, enough to keep both Boston and Buffalo in bread for a year. It grew 9,600 tons of broomcorn, one-third of all the brush grown in the United States. Without Baca County, both Canada and the United States would have lacked brooms during the war and postwar years. The county ships cattle by the tens of thousands. Freshly painted farm houses and 20 airplanes owned and flown by Baca County farmers attest to their prosperity. The population is up to an estimated 8,000.

Mr. Holt came to Baca County from Wheeler, Texas, in 1914, 12 years before the county had a railroad. A cousin, Sam Holt, opened the bank at Springfield. Upon Sam's death R. B. Holt became president of both banks. In recent years he has turned more of the management of the banks over to his son, Brewster, and other members of the family, and paid more attention to his hobby, farming. He is not certain how much land he owns. At last count it was 96,000 acres. It is a little more now.

He produces purebred cattle, wheat, broomcorn and feed. He encourages his hired men to become farmers on their own and lends them money to start. Recently he lent one hired man \$65,000 so he could begin in a big way. He said he did not regard this as charity. He knows his man and knows the best and the worst of Baca County.

—BLISS ISELY

THE NORTHERN TRUST COMPANY

CHICAGO

Statement of Condition, December 31, 1948

RESOURCES

Loans and Discounts.....	\$ 91,571,352.74
U. S. Government Securities.....	300,780,374.33
Other Bonds and Securities.....	109,935,016.15
Federal Reserve Bank Stock.....	450,000.00
Bank Premises.....	1,400,000.00
Customers' Liability, Account Letters of Credit and Acceptances.....	638,718.91
Other Resources.....	167,865.00
Cash and Due from Banks.....	186,589,214.48
TOTAL.....	\$691,532,541.61

LIABILITIES

Capital Stock.....	\$ 3,000,000.00
Surplus.....	12,000,000.00
Undivided Profits.....	6,158,319.52
Reserve for Taxes, Interest, etc.....	13,143,131.79
Dividend Payable January 3, 1949.....	135,000.00
Letters of Credit and Acceptances Outstanding..	645,178.66
Other Liabilities.....	188,637.87
Deposits:	
Demand.....	\$442,990,662.77
Time.....	160,753,559.46
U. S. Government.....	52,518,051.54
TOTAL.....	\$691,532,541.61

United States Government securities carried in the above statement at \$58,300,226.57 are pledged to secure public and other monies, as required by law; and United States Government and other securities carried at \$581,955.48 are deposited with the State Authorities under the Trust Act.

Member Federal Deposit Insurance Corporation

Cash bonuses aggregating \$2,000 were distributed to officers and employees of the Barry County Bank, Cassville, Missouri, at an after hours Christmas party, when customer and interbank gifts were distributed. *Left to right*, Assistant Cashiers Alene Autry and Cecil Jeffries, Alene Burton, Cashier Glenn Trubitte, Loraine Brock, President J. F. Black, and Bonnie Dee Ennis. Mr. Trubitte and Miss Autry received 20-year service pins on January 11



Combined Statement of Condition

FLORIDA NATIONAL GROUP OF BANKS

As at the close of business December 31, 1948

RESOURCES

Loans and Discounts.....		\$ 69,581,961.42
Banking House, Furniture & Fixtures		
Including Office Buildings.....		5,446,524.46
Other Real Estate Owned.....		253,990.58
Prepaid Expenses.....		34,887.25
Other Resources.....		7,957.09
Customers Liability A/C Letters of Credit.....		52,677.05
Accrued Interest and Income Receivable.....	\$ 1,130,558.65	
U. S. Government Securities.....	152,571,842.98	
Florida County and Municipal Bonds.....	22,942,450.86	
Federal Reserve Bank Stock.....	568,050.00	
Other Securities.....	1,320,539.43	
Cash on Hand and Due from Banks.....	100,382,077.84	278,915,519.76
		\$354,293,517.61

LIABILITIES

Capital Stock.....	\$ 7,250,000.00	
Surplus.....	14,597,500.00	
Undivided Profits.....	1,707,543.03	\$ 23,555,043.03
Reserve for Contingencies.....		2,073,900.63
Reserve for Taxes, Interest, Etc.....		1,305,082.41
Interest & Income Collected, Not Earned.....		490,484.33
Bills Payable.....		35,000.00
Letters of Credit.....		56,577.48
Deposits.....		326,777,429.73
		\$354,293,517.61

FLORIDA NATIONAL BANK
of Jacksonville

FLORIDA NATIONAL BANK
& TRUST COMPANY
at Miami

FLORIDA BANK &
TRUST COMPANY
at Daytona Beach

FLORIDA BANK
at Chipley

FLORIDA BANK
at Bushnell

FLORIDA BANK
at Orlando

FLORIDA BANK
at Port St. Joe

FLORIDA NATIONAL
GROUP of BANKS



FLORIDA NATIONAL BANK
at Pensacola

FLORIDA NATIONAL BANK
at Ocala

FLORIDA NATIONAL BANK
at Belle Glade

FLORIDA NATIONAL BANK
at Lakeland

FLORIDA NATIONAL BANK
at Key West

FLORIDA NATIONAL BANK
at Bartow

FLORIDA NATIONAL BANK
at Coral Gables

FLORIDA NATIONAL BANK
at Fernandina

FLORIDA NATIONAL BANK
at St. Petersburg

FLORIDA BANK
at Madison

FLORIDA BANK &
TRUST COMPANY
at West Palm Beach

FLORIDA BANK
at Gainesville

FLORIDA BANK
at Starke

FLORIDA BANK
at DeLand

FLORIDA BANK
at Fort Pierce

Break for Estate Tax Payers

(CONTINUED FROM PAGE 43)

As one speaker pointed out, there is a tendency implicit in the regulations, as written, to assume that because "all the income" must be payable then there *must* be income.

Suppose that a family-owned corporation has paid salary rather than dividends so that, technically, its stock is non-income producing. Would a provision directing indefinite retention of this company's stock in a "marital" trust disqualify the trust for deduction? The Government's representatives surmised that it would. They declined to recognize any distinction between property that inherently was incapable of producing true income (not to be confused with gains) such as, for example, bars of metal; and property which might be expected to produce income under favorable circumstances, such as the family corporation in question — or, indeed, unimproved land which might nevertheless have income potentialities as a parking lot.

So, to be on the safe side, one should be cautious about assigning unproductive property on a more or less permanent basis to trusts intended for the marital deduction. (Unless it be property occupied by the survivor as a residence, where "use" is equivalent to "income.") If it is likely that stock of a closely held corporation will perforce be found in such a trust, then it would be a wise precaution to maintain, to the fullest practicable extent, a regular flow of dividends—genuine, though they may be small—so that the stock will not be viewed with suspicion as "non-productive" when the time comes to determine the marital-deductibility of the trust.



"That's right, your bank did loan me the money to buy a feed store. What does THIS layout look like—a gas station?!?"

STATEMENT AS OF DECEMBER 31, 1948

RESOURCES

Cash & Due from Banks	\$ 78,730,268.25	
U. S. Government Securities	103,754,752.15	\$182,485,020.40
State, County & Municipal Securities	3,416,280.56	
Other Securities	15,954,004.79	19,370,285.35
Demand Loans	21,610,918.48	
Time Collateral Loans	5,058,983.00	
Bills Discounted	49,911,909.07	76,581,810.55*
Banking Houses	2,920,821.22	
Customers' Liability under Acceptances	720,993.39	
Accrued Interest Receivable	511,684.77	
Other Resources	39,621.39	\$282,630,237.07

LIABILITIES

Deposits	\$259,108,736.43
(Includes United States Deposits \$4,118,847.84)	
Unearned Discount	1,580,504.64
Accrued Taxes, Interest, etc.	496,674.57
Reserve for Dividend Payable January 3, 1949	142,187.50
Acceptances Executed	\$ 3,468,086.42
Less: Acceptances Held in Portfolio	2,744,812.59
	723,273.83
Capital Stock	\$ 5,687,500.00
(par \$20.00)	
Surplus	10,312,500.00
	16,000,000.00
Undivided Profits	2,557,030.87
	18,557,030.87
Reserves	2,021,829.23
	\$282,630,237.07

*Reserve in the amount of \$1,288,699.43 has been deducted from the total Book Value of Loans.

CORN EXCHANGE

NATIONAL BANK

AND TRUST COMPANY

Established 1858

PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



REPUBLIC NATIONAL BANK

of DALLAS

STATEMENT OF CONDITION DECEMBER 31, 1948

RESOURCES

Cash and Due from Banks	\$114,170,071.26
U. S. Government Securities	50,474,612.19
State, Municipal and Other Securities	952,103.57
Stock in Federal Reserve Bank	750,000.00
Loans and Discounts	140,244,077.93
Bills of Exchange and Commodity Loans	32,191,587.46
Bank Premises and Equipment	2,804,664.78
Customers Liability—Acceptances and Letters of Credit	<u>6,626,017.29</u>
TOTAL	\$348,213,134.48

LIABILITIES

Capital	\$12,000,000.00	
Surplus	<u>13,000,000.00</u>	25,000,000.00
Undivided Profits		2,010,597.78
Reserve for Contingencies		1,768,392.17
Reserve for Taxes, etc.		1,062,696.87
Acceptances and Letters of Credit		<u>6,626,017.29</u>
Deposits:		
Individual	\$205,003,207.26	
Bank	103,777,094.29	
U. S. Government	<u>2,965,128.82</u>	<u>311,745,430.37</u>
TOTAL		\$348,213,134.48

*We are
grateful*

to our many friends throughout
the Nation who have helped
make this statement possible.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Statistics Available to Banks

ASIDE from the mass of useful data compiled by the 12 Federal Reserve banks and available to commercial, and savings banks, local chambers of commerce are ready sources of periodic information on city or market areas. Most chambers of commerce collect and distribute monthly data. The Chamber of Commerce of the United States has listed more than 60 cities, large and small, where this is the case, including such places as San

Francisco, Los Angeles, Fresno and Riverside in California; Peoria, Illinois; Huntington, Indiana; Cedar Rapids, Iowa; Detroit, Michigan; Dover, East Liverpool, Lima and Warren, Ohio; Texarkana, Texas; Green Bay, Wisconsin; and Casper, Wyoming.

Among the monthly business indicators the chambers of commerce collect on a community basis are such things as real estate transfers, mortgages recorded, department store sales, bank

clearings, and the like. Often there are local statistics not elsewhere obtainable.

Some of the Government agencies that compile and distribute business and industrial statistics are the Department of Commerce, including the Office of Domestic Commerce, the Office of International Trade, the Census Bureau and 42 regional and district field offices. Each of the regional offices publishes a monthly free bulletin dealing with developments in its region.

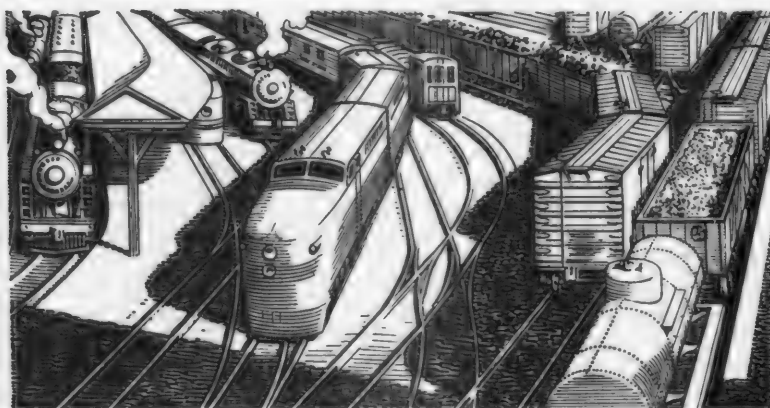
The Office of Business Economics issues quarterly regional economic analyses. The Council of Economic Advisors issues a monthly bulletin called *Economic Indicators*, which can be purchased from the Government Printing Office for 15 cents, while *Market Indicators, 1939-1946*, by Paul A. Anderson of the Marketing Division, Department of Commerce, can be obtained from the same source for 30 cents.

The Census Bureau issues monthly reports on a wide variety of business factors, including labor, wholesale trade, retail trade, drugs, dry goods, electrical goods, groceries, jewelry, and tobacco.

THE Domestic Distribution Department of the Chamber of Commerce of the United States, Washington 6, D. C., has available at 50 cents per copy a 113-page brochure, *How to Make a Local Area Trade Survey*.

Many banks which have no research staffs assign to one or another officer the job of keeping posted on economic changes in the community and local market area. But where this is for any reason not possible or convenient it may be worth while to engage the part-time services of a local consulting economist or university professor; who for a moderate fee could keep an eye on the situation right along and once a month submit a brief report for the bank's directors and management. Such a person will be able not only to assemble the available local statistics, but also to evaluate them, separating the significant from the less significant, and perhaps preparing a few simple charts which the average bank director can assimilate more readily than tables of statistics. Such a consultant might also prepare for the directors statistics on the bank's own operations.

"There probably will be a leveling off in business and prices in the Philadelphia area just as is indicated for other sections of the country. However, because of the many different types of Philadelphia industries this city, for the foreseeable future, should have little to fear from any business recession."—Charles S. Krumrine, president, Liberty Trust Company, Philadelphia.



Time-Tested Security

In the resurgence of America's railroads, a major role is being played by progressive improvements in operating equipment...as exemplified by fast, modern passenger trains and advanced facilities for speeding the movement of freight.

Locomotives, freight and passenger cars—indispensable tools of railroading—are financed largely through equipment trust certificates which, because of their proved record of safety through three-quarters of a century, occupy an enviable position among all investments. Their serial maturities have special advantages for investors concerned with well formulated maturity portfolios.

For many years, Halsey, Stuart & Co. Inc. has made railroad equipment certificates available to conservative investors. Write without obligation for our latest list of investment opportunities in this field.

During the past eight years, Halsey, Stuart & Co. Inc. has purchased and offered, either alone or with associates, equipment trust certificates of 55 separate American railroads aggregating close to \$500 millions—almost 40% of all certificates publicly offered.

The benefits of this experience are offered to those interested in either buying or selling equipment trust certificates. We deal in and are prepared to provide quotations for the certificates of most of America's railroads.

HALSEY, STUART & CO. INC.

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



Condensed Statement of Condition as of December 31, 1948

Including Domestic and Foreign Branches But Not Including The Affiliated City Bank Farmers Trust Company

(In Dollars Only—Cents Omitted)

ASSETS

Cash, Gold and Due from Banks.....	\$1,532,119,431
United States Government Obligations.....	1,656,863,022
(Direct or Fully Guaranteed)	
Obligations of Other Federal Agencies.....	20,800,544
State and Municipal Securities.....	223,270,860
Other Securities.....	80,736,635
Loans and Discounts.....	1,422,290,652
Real Estate Loans and Securities.....	2,693,232
Customers' Liability for Acceptances.....	22,194,546
Stock in Federal Reserve Bank.....	7,500,000
Ownership of International Banking Corpora- tion.....	7,000,000
Bank Premises.....	27,686,865
Other Assets.....	1,581,831
Total.....	\$5,004,737,618

LIABILITIES

Deposits.....	\$4,643,112,364
Liability on Acceptances and Bills. . \$34,594,396	
Less: Own Acceptances in Port- folio.....	8,562,589
Items in Transit with Branches.....	12,647,857
Reserves for:	
Unearned Discount and Other Unearned Income.....	5,925,327
Interest, Taxes, Other Accrued Expenses, etc.	21,006,274
Dividend.....	4,650,000
Capital.....	\$ 77,500,000
Surplus.....	172,500,000
Undivided Profits.....	41,363,989
Total.....	\$5,004,737,618

Figures of Foreign Branches are as of December 23, 1948.

\$272,043,209 of United States Government Obligations and \$643,355 of other assets are deposited to secure \$199,885,739 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

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ROBERT WINTHROP
Robert Winthrop & Co.

What Makes the U. S. Tick

(CONTINUED FROM PAGE 42)

money in America than in Britain, for example. The very aspect of the bank manager's office seems to say, "Come inside. We have money and are anxious to lend some of it." The austere and forbidding aspect of some of our offices has a different purport. "Well," the office seems to say, "what is it that you want?" It is true at any rate, that an American businessman with a sound idea for making money will have little difficulty in borrowing it. Enthusiasm for new ideas and sympathy for new enterprises have helped to make America great.

But such a policy has its snags, as American bankers well realize, and it is gratifying to find that they have considered the implications of their responsibility to the nation and imposed discipline on themselves. In doing this, by launching their anti-inflation program, they have created banking history; and if their precedent should succeed in its aims (this being something which does not depend on the banking industry alone) their triumph will be a startling vindication of free enterprise as opposed to government control. Their program, in brief, is controlled borrowing, selective loans, the encouragement of saving and the discouragement of excessive and unnecessary spending.

This involves so many compromises, and presupposes so much cooperation from the Government, the public and trade unions, that it cannot be easy. Too parsimonious an attitude to borrowers, for example, could be a brake on productivity by preventing the open-

ing of new enterprises, the expansion of existing companies, and the replacement of machinery which is one of the secrets of your mass-production achievement.

Unfortunately, one cause of the present inflation is the steady and unregulated increase in wages, and the introduction of concessions which, while passing as improvements in social welfare, are in effect wage increases (for example, the introduction of shorter working hours, which must increase the cost per unit unless productivity can be raised by improved mechanization). This can offset the benefits of America's historic policy of putting one-fifth of her total national product into better tools and better methods.

An Example

I had an interesting example of this during a recent visit to an American soap factory. In the packing department I was gratified to find that, thanks to the introduction of the newest and most expensive machinery—of a type not used in an exactly similar factory in Britain—the work was done far more speedily, and with only one-third of the personnel needed for the same amount of work in Britain. So far, so good. But the introduction of that machinery has meant the scrapping of obsolete plant and the investment of a fairly considerable amount of money. And the workers in that department are paid exactly three times the wages of similar workers in Britain. This, I know, is one small detail, but it is a significant one. The increased productivity has been achieved, but the benefit is not

passed on to the consumer by way of a decreased price. It can't be, because the actual cost of production is far greater than when less up-to-date methods were used.

Here is a glaring contradiction, and I do not envy anybody his task in explaining its implications to industrial workers. Rightly or wrongly, they are suspicious of advice from bankers and employers' organizations. Wages have increased out of all proportion to productivity, so that in the textile industry, for example, the average wage has jumped from \$26.19 in 1939 to \$60.61 in 1948, and the figures for the typewriter, automobile, aircraft, shipbuilding, and food industries are equally disturbing. Somebody has the difficult job of convincing industrial workers that every time they double their wages they halve the value of their wage-packets—and that, if they add to these restrictive practices, such as inordinately short working hours or arbitrary rulings as to the division of duties among various categories of workers, they may make a bad job worse.

The British Parallel

I am not wishing to be pharisaical about it—we have had precisely the same problem in Britain, where continued demands for higher wages began a vicious spiral of inflation. The government's only recourse was to tell the Trade Union Congress, in emphatic terms, that their eight and a half million members would have to agree to wage-pegging as the only means of protecting their standard of living. The Labor Government deserves credit for its courage in putting such an unpopular policy before its own supporters, while the Trade Union Congress, whatever difficulties it may encounter in implementing its promise of cooperation, has, at least, shown willingness to face the facts.

American bankers are obviously looking ahead in deciding to exercise restraint in their loan policy. There is good reason to think that this may be more successful than a rigid system of control which would discourage the enterprising besides restricting the foolhardy. They would like to avoid any American counterpart of our Borrowing (Control and Guarantees) Act of 1946, which gives the Labor Government control over all loans in excess of \$40,000, and permits it to decide what priorities are in the national interest. (Though in justice to the sponsors of the act, one ought to mention that it also enables the Treasury to guarantee loans up to \$200-million a year to facilitate indus-



A cartoon by Butterworth in *The Manchester Daily Dispatch*, one of England's Conservative newspapers



WIRE WORLD

SIR STAFFORD CRIPPS

Sir Stafford Cripps, British Chancellor of the Exchequer and Minister for Economic Affairs, has recently administered a scolding to British workmen who sought to enforce pay increase demands. "It is absolutely crucial at the present time," he said, "that every section of the population should exercise restraint in their demands upon the nation for increased purchasing power." The prime importance of this restraint is also pointed out by Mr. Bardens in the accompanying article

trial development, especially when a slump threatens.)

Somehow the banks in the United States must try to control borrowing without detriment to the U. S. A.'s traditional policy of capital re-investment, which has always been considered essential to progress. Somehow they must gain the confidence of the labor movement in the U. S. and convince them that some sort of wage-pegging and an end of restrictive practices are essential to productivity and—as a direct consequence—to the prosperity of the workers themselves. Unless this get-together becomes an accomplished fact, loans that are intended to promote and expand industry may be swallowed up and dissipated in high wages, so that the amount of money in circulation—already three times as much as in 1939—will once again be increased out of all proportion to the quantity of goods

available. Or more money than ever will chase fewer goods than ever, another way of saying that the inflationary tendency will be increased. Yet too great a degree of caution by banking interests would aggravate the situation recently outlined by Earl Bunting, director of the National Association of Manufacturers, who pointed out that "today America is falling short by \$8-billion a year of the historic level of capital formation necessary to gear our economy for maximum productivity and maximum progress."

From all I have seen of America's production methods, I am satisfied

that they still lead the world. There is still a greater willingness here than elsewhere to explore new methods, invest capital and re-equip industry. But in my view her productivity is in jeopardy and should not be taken for granted. Inflation is its greatest enemy, since it must discourage workers and create internal discord, and, while American banking set an admirable precedent by proving its willingness to keep its own house in order, only concerted action by bankers, employers, trade unions, workers, and government alike can stabilize the purchasing power of the dollar and keep industry humming.



STATEMENT OF CONDITION DECEMBER 31, 1948

RESOURCES

Cash and Due from Banks	\$ 50,824,513.33
U. S. Government Bonds	57,442,199.00
Other Bonds and Securities	11,173,778.05
Loans and Discounts	120,696,705.25
Bank Buildings	1,513,682.57
Furniture and Fixtures	552,976.88
Other Real Estate Owned	136,158.08
Accrued Interest Receivable	902,832.75
Customers' Liability on L/C	182,613.52
Other Resources	688,899.70
Total Resources	\$244,114,359.13

LIABILITIES

Deposits	230,427,149.72
Unearned Discount	1,727,476.50
Letters of Credit	182,613.52
Reserves for Taxes, Interest, etc.	1,312,709.43
Capital Funds	
Preferred Stock . . . \$ 700,000.00	
Common Stock . . . 3,000,000.00	
Surplus 4,000,000.00	
Undivided Profits . . . 1,564,409.96	
Reserves 1,200,000.00	10,464,409.96
Total Liabilities	\$244,114,359.13

HOME OFFICE



PHOENIX, ARIZONA

Largest Bank in the Rocky Mountain States

VALLEY NATIONAL BANK

GLENDALÉ TOLLESÓN WICKENBURG PHOENIX TUCSON CASA GRANDE SUNNYSLOPE HAYDEN
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SAFFORD KINGMAN LITCHFIELD PARK AJO MORENCI MESA NOGALES WINSLOW WILLCOX

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

New Books

For Savings Bankers

MUTUAL SAVINGS BANKS IN THE SAVINGS AND MORTGAGE MARKETS. By *John Lintner*. Division of Research, Harvard Business School, Boston. 546 pp. \$6.50.

THE result of three years of research, this definitive study by the assistant professor of finance at the Harvard school was made at the suggestion of the Savings Banks Association of Massachusetts. Fortunately, its thorough explorations and important conclusions are recorded in a form that makes them available to readers everywhere.

Part I covers the savings banks' position relative to the whole savings market and to other private thrift institutions. It finds that the flow of funds to the mutuals has been declining rather persistently for several decades, an indication that the range and quality of the banks' thrift services and their merchandising have been becoming less adequate than their competitors'. All savings depositories have lost ground to life insurance, and one chapter of the book considers the basic reasons for this development.

Mr. Lintner suggests some of the important services which savings banks may offer to check or reverse the decline in their relative position. Special consideration is given to Christmas Clubs, school savings, payroll savings plans, and savings bank life insurance.

In Part II the author analyzes the banks' past investment services and policies, particularly with regard to mortgage loans; reviews the shifts in assets since 1920 as they related to policy changes; traces trends in income and expenses; and looks at policies on dividends and retained earnings. The pressing need for greater earnings on investments points to the conclusion that mortgages offer one of the most promising opportunities now available. However, mortgages brought difficulties during the last depression, and more informed and progressive practices in the operations connected with this investment medium are suggested as avenues through which the mutuals can better serve their depositors and communities.

Mr. Lintner finds that during the 1931-1945 period net yields on the bank's mortgage portfolios were substantially higher than those on long-term

Government bonds after 1933; they were also higher in all periods of comparable length over the last half century.

Problems in the proper treatment of mortgage income are considered, with the conclusion that sound accounting and prudent management require that reserves be systematically accumulated against subsequent losses.

Annuals

FEDERAL TAXES: ESTATES, TRUSTS AND GIFTS 1948-49. By *Robert H. Montgomery* and *James O. Wynn*. Ronald Press, New York. 1177 pp. \$10.

FEDERAL TAXES: CORPORATIONS AND PARTNERSHIPS 1948-49. By *Robert H. Montgomery*, *Conrad B. Taylor*, and *Mark E. Richardson*. Ronald Press, New York. 1,713 pp. 2 vols. \$20.

THESE are the familiar Montgomery annuals brought up to date. Volume I of the corporations and partnerships pair covers gross income and deductions, Volume II taxes, returns and administration. This work analyzes and interprets provisions of the revenue code relating to the income of corporations generally and to the determination and distribution of partnership income. It emphasizes decisions that deviate or indicate a trend away from previously accepted doctrines, that conflict with other cases or with the Treasury position, or that are, in the authors' opinion, unsound or questionable.

The other book follows the same general pattern in covering the estate and gift tax as related to the income taxation of decedents and estates and trusts.

Other Books

THE PRINCIPLES OF ORGANIZATION. By *James D. Mooney*. Harper, New York. 217 pp. \$3. The president and board chairman of Willys-Overland Motors, Inc., has revised his book, first published several years ago, outlining the fundamental principles of organization. Organizational forms are traced historically. Modern internal and external problems of industry are analyzed.

AMERICAN BANKING SYSTEM. By *R. S. Sayers*. Oxford University Press, New York. 126 pp. \$2. A sketch, primarily for British readers, by an economics professor at the University of London.

THE LOCATION OF ECONOMIC ACTIVITY. By *Edgar M. Hoover*. McGraw-Hill, New York. 304 pp. \$3.75. Ideas on the selection of locations for private and public facilities, land utilization, regional planning and industrial development. The author is on the staff of the Council of Economic Advisers.

MONEY, BANKING AND CREDIT IN MEDIAEVAL BRUGES. By *Raymond de Roover*. Mediaeval Academy of America, Cambridge, Massachusetts. 354 pp. \$8.75. This attractively printed and illustrated volume by the associate professor at Wells College recreates the banking system of the Middle Ages as conducted by the Italian merchant-bankers, the Lombards, and the money-changers when Bruges was one of the few important commercial centers. Dr. de Roover obtained his material from the Bruges Archives.

CREDIT MANUAL OF COMMERCIAL LAWS. National Association of Credit Men, New York. 756 pp. \$10. The 1949 edition of this business annual provides a ready reference digest of laws affecting trade from the time an order is received until payment is collected.

THE PRACTICAL WORK OF A BANK. By *William H. Kniffin*. Bankers Publishing Company, Cambridge, Massachusetts. 573 pp. \$7.50. This is the ninth edition of a book that first appeared in 1915. It covers all phases of modern banking from the handling of the mail to the granting of credit, reproduces forms, and shows how to handle departmental detail. Mr. Kniffin is president of the Rockville Center (New York) Trust Company.

MONEY AND BANKING. By *Frederick A. Bradford*. Longmans, Green & Co., Inc., New York. 849 pp. \$4.75. The sixth edition of a textbook by the professor of economics and head of the Department of Finance at Lehigh University.

COMMODITY EXCHANGES AND FUTURES TRADING. By *Julius B. Baer* and *Olin Glenn Saxon*. Harper, New York. 309 pp. \$5. The principles and operating methods of the exchanges are described. Attention is directed to an analysis of economic function, trading practices, and regulation. Mr. Baer is an attorney, Mr. Saxon professor of economics at Yale University.

The Wage-Hour Law in Banking

(CONTINUED FROM PAGE 37)

ployer," and whose duties are differentiated from those of a clerk by the fact that their work requires exercise of discretion and independent judgment. He also stated that the exemption of tellers should be determined on the basis of all the facts in each particular case and not upon any general rule of thumb.

The teller classification is here emphasized because it stresses the necessity of an employee's meeting all the qualifications set forth in the regulations. The same degree of care is called for in determining the exempt status of all officers, managers, supervisors, senior employees, and others who are generally considered by the bank to be executive, administrative, or professional people.

Workweek

The act states that employers shall not employ any workers covered by the act for a workweek longer than 40 hours unless such workers receive compensation for work over 40 hours at not less than one and a half times the employees' regular rates of pay.

A workweek is defined by regulation to be a period of seven consecutive days. It may begin on any day or at any hour of any day. Overtime hours in one week cannot be averaged against "undertime" hours in another.

Working hours include all the time during which an employee is required, suffered, or permitted to be on duty. Employees who start work earlier than the normal starting time or remain at work beyond the normal quitting time must be required by the employer to show on their time records the actual—not normal—hours worked.

Minimum Wage

Since July 17, 1944, the legal minimum wage for covered bank employees has been 40 cents an hour.

Overtime

Work beyond 40 hours in a single workweek must be compensated at one and a half times the employee's regular, hourly rate of pay.

Calculation of a regular, hourly rate for an employee who receives his pay on a monthly or semimonthly basis involves dividing his annual salary by 52 (for weeks) and dividing the result (or weekly salary) by 40 (for hours) if the employee is on a "regular" workweek of 40 hours. If an employee is on a

workweek of 36 hours, established by announced policy (or by custom such as in a situation where the bank pays additional salary for hours worked beyond 36 in a week), then the employee's regular weekly salary is divided by 36. If an employee is on a "fluctuating" workweek, his weekly salary is divided by the number of hours (41, 42, or 43, etc.) actually worked in the week for which overtime is being figured.

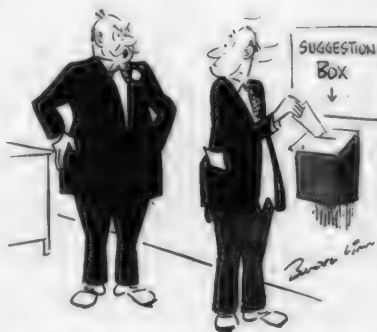
The regular and fluctuating workweeks are established by a bank's policy and by the custom in its own work program.

Under the regular, 40-hour workweek method of figuring overtime, if an employee's salary is \$40 a week, his regular, hourly rate would be \$1. If he worked 50 hours in a given week, his additional compensation for 10 hours' overtime would be at the rate of \$1.50 for each hour, or a total of \$15.

Under the variable or fluctuating workweek method of figuring overtime, if an employee's weekly salary is \$40 and he works 50 hours, his hourly rate would be 80 cents. Since his weekly salary covers his straight-time pay for the full 50 hours ($50 \times 80¢ = \$40$), his additional compensation for 10 hours' overtime would be at the rate of only 40 cents for each hour beyond 40, or a total of \$4.

Bonuses

Extra compensation such as cost-of-living bonuses paid regularly, particularly when paid more frequently than quarter-annually, must be considered as part of an employee's regular pay and figured in his hourly rate for overtime purposes. Infrequent bonuses, such as nominal Christmas or year-end gifts, are not usually required to be included in figuring the hourly rate.



"I trust, Witherspoon, you're not the individual who keeps suggesting that I go soak my head!"

In June 1948, a U. S. Supreme Court decision created another factor in the computation of overtime pay. In effect the Court said that where (during a workweek) an employee receives additional or premium pay for working undesirable hours (such as late at night or on holidays), the extra amount of pay should be added to the employee's weekly salary figure. Then, dividing the total compensation for the week by the number of hours actually worked would give the straight-time, hourly rate upon which overtime pay should be based.

The Court's decision has been interpreted to mean that "premium" pay can be considered as offsetting statutory, overtime pay requirements only when the premium rate is paid on the condition that the employee has already worked (within the current workday or workweek) a "specified number of hours or days, according to a bona fide standard."

Five-Day Week

This decision affects banks in several ways, but most particularly in situations where the 5-day week prevails and where, in addition, the banks operate on a workweek of from Thursday to Thursday. In such a situation, if a bank asks employees to work on Saturday and pays them extra or premium pay, then the bank must include the extra pay in the week's total compensation when figuring the hourly rate for overtime purposes. It is evident that, in a Thursday to Thursday workweek situation, the extra pay for Saturday cannot be conditioned upon an employee's having previously put in a normal workweek of so many days or so many hours.

In cases where banks follow a workweek of from Monday through Sunday, extra pay for Saturday or Sunday work can logically be considered overtime pay because the working time on those days comes at the end of or after the normal working hours or days. If the extra pay is equal to or more than the time and a half provisions of the act, the payment offsets statutory, overtime requirements.

The effect on regular job rates, caused by premium rates paid to temporary or "extra" employees; and other methods of figuring and paying overtime, such as the "time-off plan" and the "prepayment plan," will not be discussed here because they concern comparatively few banks.

In addition to conventional pay-roll records, the employer is obliged to keep weekly time records for each nonexempt

employee. The record must show hours worked each workday and total hours worked each week. Pay-roll records should be in such form as to furnish readily information on straight-time earnings, overtime payments, deductions, dates of payments, and periods covered.

Proof Required

Where exemptions for executive, administrative, and professional employees are claimed, proof of the nature of work done or of the conditions under which work is performed is required in order to support the claims.

Wage-hour records must be held for at least three years.

Changes

The 81st Congress is being urged by many interested persons to make numerous changes in the act, and some of the suggestions will probably be adopted.

The Wage-Hour Administrator is on record in favor of wider coverage and fewer exemptions. He also strongly supports an increase of the minimum wage from the present 40 cents to 75 cents an hour.

The U. S. Department of Labor has submitted a proposed amendment to meet the problem raised by the Supreme Court's decision on premium pay.

Labor leaders, employer groups, and



"I know you deserve a raise, Silvertooth, but a man with your brains and ability ought to be able to get along on less money!"

THE NATIONAL CITY BANK OF CLEVELAND

Statement of Condition

DECEMBER 31, 1948

ASSETS

Cash and Due from Banks	\$136,695,946.25
United States Government Obligations	234,441,276.63
Other Securities	16,896,174.00
Loans and Discounts	116,445,906.68
Investment in Banking Premises	2,590,148.19
Customers' Liability on Acceptances and Letters of Credit	3,538,727.16
Accrued Interest	1,315,707.90
Other Assets	558,333.53
	<u>\$512,482,220.34</u>

LIABILITIES

Capital Stock (625,000 shares)	\$ 10,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	5,068,015.38	\$ 25,068,015.38
General Reserve		2,532,227.45
Acceptances and Letters of Credit		3,538,727.16
Accrued Interest and Expenses		1,406,981.57
Deferred Credits and Other Liabilities		1,063,673.04
Corporation, Individual and Bank Deposits	\$353,760,460.47	
Savings Deposits	68,413,302.62	
Trust and Public Deposits	32,060,657.48	
U. S. Government War Loan Account	24,638,175.17	478,872,595.74
		<u>\$512,482,220.34</u>
Contingent Liability on Unused Loan Commitments		\$ 18,136,917.31

NOTE: United States Government obligations carried at \$58,942,128.41 are pledged to secure trust and public deposits, U. S. Government War Loan Account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Congressional committees have already laid or are preparing to lay proposals before the legislators.

It is hoped that this necessarily brief review of the act, as it now applies to financial institutions, will be helpful to bankers who keep posted on current developments and wish to appraise changes that may be taking place as this is read.

In a later issue of *BANKING*, comments on actions taken and prospective actions that may be taken by Congress and by the Wage-Hour Administrator will be presented.

One Way to Put It

"We look forward to a slight leveling off in certain fields with a lessening of demand in certain lines. But there is no cause for alarm as to the possibilities of any depression."—*Carlton P. Cook*, president, Buffalo Industrial Bank, Buffalo, N. Y.

"On one aspect of the outlook general agreement may be reached. It is that buyers' markets and competitive conditions will prevail in 1949 over a greater part of the economy than in any year since the war began. Such a change, although it implies a test of weaker enterprises, is inevitable and salutary. It will promote efficiency in the economic organization and give some relief to the people hard pressed by inflation. It is altogether desirable that some of the fever which has characterized business at times during 1948 should pass out of the situation, and that adjustments should take place while the supporting factors are so strong."—*Monthly Letter of the National City Bank of New York.*

"As bankers, we should take the responsibility, regardless of any possible criticism, of maintaining our loan and investment portfolios on a sound basis."—*Robert C. Downie*, president, Peoples First National Bank & Trust Company, Pittsburgh.



CHARTER NO. 64

First Wisconsin National Bank *of Milwaukee*

Statement of Condition as of December 31st, 1948

Directors

WILLIAM G. BRUMDER
Vice President

WILLIAM MERRILL CHESTER
President-Treasurer,
T. A. Chapman Company

E. J. DEMPSEY
Attorney, Oshkosh

WALTER GEIST
President,
Allis-Chalmers Mfg. Co.

JOSEPH F. HEIL
President, The Heil Co.

WALTER V. JOHNSTON
Industrialist

WALTER KASTEN
President

GEORGE E. LONG
President, Koehring Co.

ERNST MAHLER
Executive Vice President,
Kimberly-Clark Corp.

ROBERT E. PABST

CYRUS L. PHILIPP
President,
Union Refrigerator Transit Co.

HAROLD H. SEAMAN
Industrialist

LAWRENCE F. SEYBOLD
Executive Vice President,
Wisconsin Electric Power Co.

WM. TAYLOR
Executive Vice President

CHARLES O. THOMAS
President,
Pal-O-Pak Insulation Co.

ERWIN C. UHLEIN
President,
Jos. Schlitz Brewing Co.

JOSEPH E. UHLEIN
Banker

JOSEPH E. UHLEIN, JR.
President, Glenogle Co.

ROBERT A. UHLEIN
Banker

ROBERT A. UHLEIN, JR.
Jos. Schlitz Brewing Co.

WILLIAM D. VOGEL
Real Estate and Investments

RESOURCES

Cash and Due from Banks.....	\$153,730,669.89	
U. S. Government Securities.....	294,783,506.94	448,514,176.83
Other Bonds and Securities.....		18,084,707.07
Stock in Federal Reserve Bank.....		600,000.00
Loans and Discounts.....		97,646,973.00
Accrued Income Receivable.....		991,716.02
Bank Buildings and Equipment.....		3,315,531.25
Other Resources.....		3,199,633.41
		<u>\$572,352,737.58</u>

LIABILITIES

Capital.....	\$10,000,000.00	
Surplus.....	10,000,000.00	
Undivided Profits.....	8,038,136.11	
Special Reserves (includes amount sufficient to amortize U. S. Government and all other securities to par).....	9,014,192.85	37,052,328.96
Reserves for Interest, Expenses, Etc.....		1,098,318.47
Deposits.....	520,790,104.51	
War Loan Deposit Account.....	11,072,589.18	531,862,693.69
Other Liabilities.....		2,339,396.46
		<u>\$572,352,737.58</u>

President, WALTER KASTEN

Executive Vice President, WM. TAYLOR

Vice Presidents

WILLIAM G. BRUMDER
EDWIN BUCHANAN
GEORGE T. CAMPBELL
EDWARD R. DROPPERS

CARL M. FLORA
PIERRE N. HAUSER
WILLIAM J. KLUMB
JOSEPH U. LADEMAN
EDWIN R. ORMSBY

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Two Rulings on Reserve Method for Bad Debts

Two important problems which have arisen in connection with the reserve method of accounting for bad debts for Federal income tax purposes have been clarified by the Bureau of Internal Revenue, and all A.B.A. member banks have received a special bulletin about them from D. J. Needham, general counsel of the American Bankers Association.

The first problem relates to how the reserve should be shown on the books

or records of the bank. The other is a case where a recovery is realized on a debt previously charged off in part, while the bank was on the charge-off basis, after which the bank had changed to the reserve method and the balance of the debt was charged off. Such a situation raises the question as to the proper allocation of the recovery.

The official ruling on these problems is contained in the bulletin which may be used as a supplement to the booklet

"Reserve Method of Accounting for Bad Debts in Banks for Federal Income Tax Purposes," which was prepared by the Country Bank Operations Commission of the American Bankers Association, and mailed to all A.B.A. member banks last October. While these two problems are general, there are many individual bank problems in connection with reserve method of accounting. Bankers who have these individual problems may address inquiries to the Washington office of the American Bankers Association at 719 15th Street, N.W., Washington 5, D. C.

On the two problems stated above the Bureau of Internal Revenue has ruled:

Reserves for bad debts established by banks for Federal income purposes should be reflected in the regular books of account. Such reserves are subject to adjustment by officers of the Bureau of Internal Revenue as in the case of other valuation accounts. Any adjustments so made will, of necessity, affect the surplus account rather than the income for the year in which the adjustment is made. Moreover, it is understood that the showing of bad debt reserves against loans and discounts on the regular books of account and in financial reports is required by the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

WITH reference to recovery for debts which were charged off only in part while the bank has been operating under the reserve method, the official ruling follows:

It is the opinion of this office that the principles of the 'tax benefit' rule as provided by section 29.22(b) (12)-1 of Regulations 111 are equally applicable in the situation presented. Therein it is provided that the recovery should first be applied to the part of the debt not previously deducted. Since the portion of the debt charged to the reserve by a taxpayer on the reserve method of treating bad debts is not considered 'deducted,' it is held that the recovery should first be applied to the portion of the debt charged to the reserve. However, all recoveries should be reflected in the computation of the 20-year moving average in the year of actual receipt, irrespective of whether such debts were originally charged off on the specific or the reserve method.

If you can waste an afternoon profitably, you have learned how to live.

FIRST NATIONAL BANK IN ST. LOUIS

Statement of Condition, December 31, 1948

RESOURCES

Cash and Due from Banks	\$139,611,890.01
U. S. Government Securities	142,477,428.97
Loans and Discounts	178,559,506.42
Other Bonds and Stocks	10,236,157.92
Stock in Federal Reserve Bank	612,000.00
Banking House, Improvements, Furniture and Fixtures	299,003.30
Other Real Estate Owned	833,002.00
Customers' Liability a/c Letters of Credit, Acceptances, etc.	1,544,366.23
Accrued Interest Receivable	864,754.19
Overdrafts	6,050.09
Other Resources	3,928.42
	<u>\$475,048,087.55</u>

LIABILITIES

Capital Stock	\$10,200,000.00	
Surplus	10,200,000.00	
Undivided Profits	8,660,211.29	29,060,211.29
Dividend Declared, Payable February 28, 1949		300,000.00
Reserve for Taxes, Interest, etc.		1,560,574.30
Unearned Discount		321,067.67
Liability a/c Letters of Credit, Acceptances, etc.		1,686,594.18
Other Liabilities		6,008.63
Demand Deposits	\$371,535,870.00	
Time Deposits	58,665,899.24	
U. S. Government Deposits	11,911,862.24	
Total Deposits		<u>442,113,631.48</u>
		<u>\$475,048,087.55</u>



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A Census of Business

A NATIONAL census of business is to be conducted during the spring months of 1949 by the United States Bureau of the Census. This census, the first covering the country's distributive and service trades since 1939, will provide statistical data on operations of about three million business establishments in 1948.

In a statement to bankers, Census Director J. C. Capt says:

"The Bureau of the Census solicits the assistance of bankers throughout the country in its objective of completing the census of business accurately and promptly with the minimum expenditure of public funds. Many of the businessmen who will be called upon to report in this census undoubtedly will consult their bankers for advice. The banker is aware of the value of good statistical information. He uses census statistics, directly and indirectly, in many important decisions on loan policy and other financial operations. His assurance to the businessman that these statistics play an important part in commerce will be of great value in this national cooperative undertaking. This is a businessman's census and he is the principal beneficiary."

Statistics to be published upon completion of the business census will be summaries of the number of establishments and selected characteristics for each kind of business engaged in retail or wholesale distribution; personal, business, mechanical, and other services; hotels, tourist courts, etc.; and theaters and other amusement places.

Banks will not report, inasmuch as the necessary data on their operations are available through other Federal agencies.

Among the statistics on retail and wholesale trade to be compiled by the Census Bureau are number of stores and total sales, number of proprietors, employees and pay rolls, sales analyzed by principal merchandise lines, an analysis of cash-credit sales and balances due from customers, and inventories of merchandise on hand at the beginning and end of the census year. These data will be made meaningful by grouping stores with similar characteristics, such as kind of business, location, size, legal form of organization, date of establishment and many others, with data to be published for each important grouping.

At the peak of field operations, in April and May, about 4,500 enumerators will be engaged in making personal calls on business establishments. The

enumerator will leave the appropriate reporting form at each business establishment visited and will arrange for picking up the completed report at a later date.

The census questions, says Director Capt, produce statistical information which bankers use, or could use, directly and indirectly in many ways. Here are several applications, suggested by the Bureau:

"(1) Mr. A is a merchant who plans

to add some new merchandise lines to his business, perhaps household appliances. What competition will he have to face? The business census statistics on volume of sales of merchandise lines by kinds of business, and the number of such business establishments handling these lines will give him the answer. But that is not all. Statistics of the population census will give him information on the percentage of families in the income groups who are potential custom-



STATEMENT OF CONDITION

At the close of business December 31, 1948

ASSETS

Cash on Hand and Due from Banks .	\$128,590,770.02
United States Securities Owned . .	54,388,365.45
Other Stocks and Bonds	8,568,393.45
Loans and Discounts	138,454,945.69
Banking House and Equipment . .	2,964,625.76
Other Assets	111,863.35
	<u>\$333,078,963.72</u>

LIABILITIES

Capital Stock . . . \$	7,500,000.00
Surplus Fund . . .	7,500,000.00
Undivided Profits	6,362,303.87
	\$ 21,362,303.87
Reserved for Taxes, Etc.	1,889,913.73
Reserved for Contingencies . . .	738,676.26

DEPOSITS:

U. S. Gov't . . . \$	7,129,936.21
Other Deposits	301,958,133.65
	\$309,088,069.86
	<u>\$333,078,963.72</u>

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ers for the line Mr. A plans to add. The statistical information made available to him as a result of these censuses may save him from the consequences of an uninformed guess. This information will guide him also in his decisions on the amount of advertising he should do, or what he may profitably expend for other services he may buy. The same information serves the banker in evaluating the change in lines of credit that Mr. A may have requested.

"(2) Now take the case of Mr. B who has an established business. He wants to expand by opening a branch store at another location. He will find the use of census of business statistical information profitable in determining the best location by obtaining data on the volume of sales and the number of competitors in his line in the area he has under consideration. Next he wants to measure the potential market for the goods he proposes to sell. From the reports of the census of population, he gets information on the number and characteristics of the inhabitants of the area his store would serve. He may find that the population in the area he has under consideration is insufficient to support his new business when he considers the fact that the number of stores in his line and their volume of sales would make the proposed location too competitive. Or he may find the opposite to be indicated. At least he is making no blind decision when he considers the information at hand. Neither is the banker who must decide whether he should back the venture.

"(3) Mr. C is a merchant who feels that his store could be more profitable. The census figures will help him put his finger on his trouble by giving him averages for his trade to which he can compare his own operating ratios such as inventory turnover, credit sales per total sales, employees per sale, pay roll per sale, repair work per total sale, etc. The banker's interest in this is obvious."

The Census Bureau for some months has been preparing for the enormous job of counting, classifying, and measuring the activities of the trade and service establishments to be included in the scope of the census. Twenty-five hundred copies of pamphlets soliciting advice with respect to the kind of data to be requested were sent to nongovernment people and organizations. Representatives of over 50 individual trade associations cooperated with the Business Division in an effort to develop a set of questions designed to elicit information having the maximum usefulness and do it with a minimum of trouble to the respondents.

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CONDENSED STATEMENT OF CONDITION DECEMBER 31, 1948

ASSETS

Cash and Due from Banks.....	\$234,471,102.53
United States Government Obligations.....	217,199,198.37
Stock of Federal Reserve Bank.....	1,500,000.00
Other Bonds and Securities.....	4,899,700.05
Loans and Discounts.....	256,426,530.15
Customers' Liability for Acceptances.....	2,362,460.57
Interest Receivable and Other Assets.....	2,342,934.31
	<u>\$719,201,925.98</u>

LIABILITIES

Capital.....	\$15,000,000.00	
Surplus.....	35,000,000.00	
Undivided Profits.....	<u>15,895,511.61</u>	\$65,895,511.61
Reserves.....		5,174,840.57
Dividend Payable January 3, 1949.....		600,000.00
Acceptances.....		2,791,812.17
Accrued Taxes and Other Liabilities.....		2,341,150.60
Deposits.....		<u>642,398,611.03</u>
		<u>\$719,201,925.98</u>

United States Government obligations carried at \$19,140,249.66 in the above statement are pledged to secure United States Government deposits of \$14,075,239.23 and other public and trust deposits and for other purposes required by law.

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Member Federal Deposit Insurance Corporation

Washington

(CONTINUED FROM PAGE 49)

members (including the preponderance of state nonmember banks) be subject to the new requirements, seemed to solve this problem. It could go ahead and support a higher reserve requirements proposition without fearing the loss of its influence in the banking field through separations from membership in the system.

Concept of Stability

In the light of the arguments used against the higher reserve plan, its adoption by the President can be explained primarily only in the light of some rather esoteric politics—plus the fact that one or two important advisers backed it up.

A potential prisoner of sharply conflicting campaign promises, President Truman adopted a stunt thought up by his aides to extricate himself in part from his dilemma of promising to go in two opposite directions at the same time.

President Truman, of course, made many conflicting promises during the late political campaign. There will be no attempt here to catalog these. What bears on the bank credit proposal is his promise to lower the cost of living, while, at the same time, promising farmers Government-underwritten support of farm prices, and promising labor backing for legislation to remove the restraints upon union action.

Government support of farm products at higher than market prices obviously works to keep the cost of living high. Likewise the restraints which unions want removed from their activities is designed to make it easier for labor to demand higher returns from employers. This also works to keep the cost of living high.

How the President proposed to reconcile these seemingly antagonistic viewpoints was to develop the concept of stability in the economy fostered by Government. Instead of being embarrassed by the apparent contradictory character of his commitments, the President embraced them and, by talking this stability, made a virtue of necessity.

"The vigorous commitment by the Government to an anti-inflation policy should not obscure the fact that the Government is equally committed to an antidepression policy," Mr. Truman said in his Economic Report message. "In fact," he went on, "curbing inflation is the first step toward preventing depression. And in times like the present, when the economic situation has mixed elements, the Government needs both anti-inflationary and antideflationary weapons so that it will be ready for either contingency. It may even be necessary to employ both types of measures concurrently in some combination, for some prices or incomes could rise too rapidly while others could be falling dangerously . . ."

Ordering of Higher Reserves Unlikely

Even if the President were to have got this law passed almost immediately, it is doubted, inquiry discloses, that the Administration or the Federal Reserve Board favor calling higher reserves into being under presently foreseeable economic conditions. The weight of the official statements discounted the prospect that, unless inflation once more resumes its march, there will be any thought of raising required member bank reserves. It is possible that under present conditions the two points on demand, and one and a half points on time deposits, of additional reserve requirements ordered by the Board last September under the Aug-

ust 1948 law, might be retained, if a new law were passed, for an indefinite period.

Actually the reasoning employed by the Administration for a higher reserve plan is all but identical to that employed by the members of the Federal Reserve Board in their numerous explanations for the need for such a law. Boiled down and oversimplified, the argument is that so long as the Government bond market is to be "stabilized," the only effective instrument for offsetting an increase in the money supply is to empower the Federal Reserve Board to lock up that supply through requiring higher legal reserves.

"In addition to the use of fiscal policy, it is necessary that monetary authorities at all times be in a position to carry out their traditional function of exerting effective restraint upon excessive credit expansion in an inflationary period and conversely of easing credit conditions in a time of deflationary pressures," said the Council of Economic Advisers, in its review attached to the President's Economic Report message.

In a nutshell, then, the official Administration position is that power to call higher reserves into being is in the same category as the power the President also requested to control prices of key commodities or to allocate the distribution of materials in short supply. In a word, a higher reserve requirement law is a standby power.

Congress on Higher Reserves

How Congress will feel toward this proposition for a law empowering the Reserve Board to call forth higher reserves on a standby basis will be affected by at least three important evaluations as they are made by Congressmen at the time this proposition nears the action stage, if, indeed, it does come close to final action.

One of the factors is the business outlook. In general, the new Congress has fewer men than the last Congress who could be expected to respect the collateral effects upon a mixed economic outlook of a proposal to curtail, or create the potential to curtail, the supply of credit. Or, it might be said, the greater left-wing make-up of the 81st Congress could on general principles be expected to give a more sympathetic



ear to a proposal of this character than the 80th Congress.

On the other hand, should business prospects appear even more uncertain in the next few months, even the left-wing Congress might go slow before precipitating any measures which might jeopardize the high volume of employment and pay rolls.

Another factor which will affect the outlook for this legislation is the status of other "anti-inflation" legislation of a standby character. It is quite possible in the showdown that standby price controls will prove to be too unpopular for enactment, and that "doing something" about inflation may again, as in 1948, be the reserve requirement law. The latter may prove, to a Congress less steeped in banking and monetary matters, an easier "out" than risking the ire of the farm groups by imposing power on a standby basis to control commodity prices.

Finally, Congressmen must evaluate the threat involved in Federal Reserve requirements to the independence of the state banking system.

In any case, early passage was not expected by leaders of any measure dealing with bank reserves. Housing legislation and the renewal of other expiring controls, such as rent, export, and transportation controls, was expected to occupy the opening time of the two banking committees. The temporary power of last August's law over reserve requirements does not expire until June 30 of this year.

White House Backs Market Pegs

Both the Council of Economic Advisers and the President gave firm backing to the Treasury-Federal Reserve policy of maintaining by Government market intervention the prices of long term Government bonds so as to hold their yield at $2\frac{1}{2}$ percent.

"The policy of supporting the price of long-term Government bonds at the $2\frac{1}{2}$ percent yield has been eminently successful," President Truman stated.

CEA said that "the stability of the Government bond market has been a significant element to the underlying strength of the financial structure of the country. It would be a serious error to introduce elements of uncertainty and

possible financial disturbances which would follow a change in the policy with respect to the support of bond prices," CEA said. The Council discussed the proposals to drop the pegs entirely or to lower them, and rejected both propositions.

Federal Budget Tentative

About the only definite over-all prospects ascertainable from the President's proposed budget for fiscal 1950 are that: (1) It is unlikely that the Government will be forced by a deficit to go into the market during the next fiscal year to borrow money, and (2) the President hopes to stabilize expenditures at some total perhaps in the range of \$42-billion on the new net basis of setting up the budget.

This net basis leaves tax refunds and certain other payments off both sides of the budget. Thus, some \$2.5-billion of tax refunds will not swell the budget receipts by that \$2.5-billion and at the same time add to presumed expenditures by the same total.

The President proposed that expenditures for fiscal 1950 should total \$41.9-billion, compared with nearly \$40.8-billion estimated for the current Treasury year. At the same time the President estimated that receipts would amount to \$40.9-billion, compared with a new estimate of current year receipts of nearly \$39.6-billion.

It was obvious that these totals, with the implied deficit of \$873-million unless Congress enacts some additional taxes, must be considered only preliminary and tentative at this stage.

What President Truman did was to estimate an addition of upward of \$1-billion to begin the broad Fair Deal he outlined in his annual message on the State of the Union, plus an increase of \$2.5-billion for national defense. At the same time the President proposed a number of curtailments in expenditures, including those for veterans, foreign aid, and for various public works. It may be doubted that the final outcome of legislation adopted by Congress in 1949 will permit of a cut in benefits to veterans and public works.

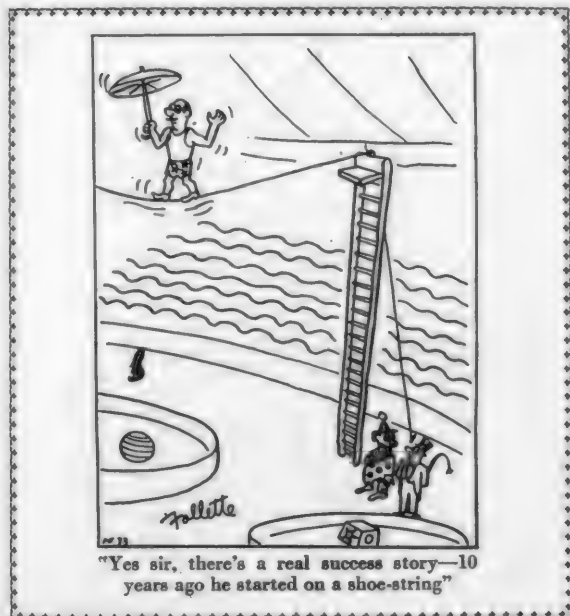
In some instances the President made room in his budget for some of his proposed Fair Deal programs, and in other places he did not provide for them. Until it is ascertained that Mr. Truman is able to achieve a firm leadership over his Congress, will it be possible to anticipate that expenditures will be nearly as forecast by the President? Congress favors broadening the old age and survivors insurance plan, but it may not make the plan as universal as the President recommends. Mr. Truman proposed to launch compulsory health insurance in fiscal 1950; however, it may be doubted that Congress will adopt that plan this year.

While he did not put the figure in the budget, Mr. Truman proposed that Congress enact \$4-billion of additional taxes, chiefly on corporations. In view of the fact that corporation income taxes are estimated at around \$12-billion for fiscal 1950, even without an increase, an increase of \$4-billion in the receipts from business would involve a rather steep hike in the corporation income tax rate.

The mood of Congress is to enact a boost in corporation taxes at a much lower rate, after the March returns give a better clue as to probable receipts for the present fiscal year.

Observers felt that the budget was tentative also from the viewpoint that the Congress believes the Administration is underestimating revenues.

Finally, the President in his budget proposed to set aside \$600-million for the cost of Universal Military Training. Congress last year failed to enact UMT, and, barring a sharp



and lasting worsening of the international situation, it is unlikely to approve UMT in 1949.

Housing and Government Lending

In the current fight over public housing and slum clearance, the Government's participation in housing finance is likely to be expanded a great deal. The public housing and slum clearance will directly involve ultimately billions of direct or guaranteed credit, plus additional hundreds of millions for annual subsidies for "low cost" rental projects.

There is also great danger that the program to "encourage" private construction of homes in the lower price categories will involve more than the obligation of Government credit for the expanded secondary market. A great risk is that, before the session is over, Congress will provide a mechanism whereby the Government directly undertakes to supply builders with housing financing.

Midwest and southern plains states bankers may note with some interest a study made by the Bureau of Agricultural Economics of the U. S. Department of Agriculture, which reflects the benefits farmers have reaped from the large-scale acquisition in recent years of mechanized farm machinery, particularly combines and cornpickers.

The operating expenses of the winter wheat farmer per dollar of gross farm income dropped from 50 cents during the years 1937-41 to 13 cents in 1947. For northern plains spring wheat farmers, the expenses per sales dollar declined from 44 cents to 15 cents, respectively. For farmers growing corn for feeding meat animals, the average cost per sales dollar prewar was 41 cents, and dropped to 27 cents in 1947.

The obverse of the picture is also revealing. The returns to the winter wheat operator and his family for their labor for each dollar of gross farm income jumped from 36 cents prewar to 68 cents in 1947; for northern spring wheat farmers the two figures were, respectively, 35 cents and 51 cents; and for corn-meat animal feeding farmers, the figures were 34 and 44 cents.

These figures are average figures for commercial farmers for the respective commodities.

What these figures indicate, it is suggested, is that prosperity in these great farming regions is grounded more soundly than on a Government commitment to support prices at some figure.

Parity and Farm Prices

One of the really difficult political problems of the Administration is to devise a formula for revising the official supports which, unless they are revised, will go into legal force in 1950 as enacted by the 80th Congress in the form of the Aiken bill. That bill, now law, provides that supports of prices shall vary, in general, inversely with the volume of surplus. Thus the greater the surplus produced by farmers, the lower would be the ratio of the Government support price. Supports would run between the present 90 percent and 60 percent of the artificially computed "parity" price.

During and since the election the sentiment of farmers has been swinging more strongly toward arbitrarily high, fixed supports, with the legal "parity" formula rewritten to boost the absolute support price.

Administration officials fear too high supports. They fear that high supports will encourage the production of larger and larger surpluses, and involve the Federal Government in the possibility of eventual huge losses. Encouragement of high prices also will tend to retard the decline in the cost of food.

While politically farmers at first demand high prices and mandatory limitations on their planting and marketing of supported crops, history indicates that farmers subsequently resent these limitations upon their marketings at the higher, supported prices.

This farm legislation problem, however, is only one of the many problems the present Congress and Administration is running into as a result of the broad commitments of the election campaign. The lack of time to deal with all the things which the President has placed on the congressional agenda will of itself make for moderation. Congress will not have time to deal with all the proposed legislation requested by the President.

Cleveland A.I.B. in Broadcast Series

CLEVELAND Chapter, American Institute of Banking, is telling local radio listeners about banking and the A.I.B.'s role in all phases of bank work.

Last December Station WEWS invited chapter officers, the women's committee, and the Women's Public Speaking Club to participate in three programs of a "Cleveland Portraits" series. In one program the officers outlined the opportunities open to Institute members. Speakers were Forde U. Steele, chapter president (National Bank of Cleveland); Elmer F. Fricke,

vice-president and chairman of the Athletic Committee (Federal Reserve Bank); J. L. Mennell, assistant educational director (National City Bank of Cleveland); Ted Billenstein, vice-president and membership committee chairman (Cleveland Trust Company), and Willard L. Underwood, a chapter governor (Cuyahoga Abstract Title and Trust Company), who was moderator.

The three broadcasts were so successful that the Women's Public Speaking

Club and the Debate and Public Speaking Club were invited to continue with 20 weekly 15-minute programs presenting these chapter groups in action.

Topics included in the series, which runs through March 7, are "My Job in Banking"; "What Banking Means to the Public"; "The Place of Banking in the Community"; and "Women in Banking." The programs are designed to bring the radio audience a better understanding of banking.



Cleveland A.I.B. Chapter officers on the air: Left to right, Forde U. Steele, Elmer F. Fricke, J. L. Mennell, Ted Billenstein, and Willard L. Underwood



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New York, N. Y.

Statement of Condition, December 31, 1948

ASSETS

Cash and Due from Banks	\$ 448,562,353.31
U. S. Government Securities	590,524,777.14
State and Municipal Securities	39,798,840.46
Other Securities	12,821,612.69
Loans and Bills Purchased.	425,538,437.08
Real Estate Mortgages	6,913,018.85
Banking Houses	11,550,008.00
Interest Accrued	2,838,009.52
Customers' Liability on Acceptances Outstanding	5,401,465.14
Total	\$1,543,948,522.19

LIABILITIES

Capital	\$21,000,000.00
Surplus	80,000,000.00
Undivided Profits.	29,550,435.12
Reserves:	
Taxes, Interest, etc.	5,992,593.30
Dividend:	
Payable January 3, 1949	1,050,000.00
Acceptances	\$7,640,900.56
In Portfolio	2,070,499.48
Deposits	1,400,785,092.69
Total	\$1,543,948,522.19

There are pledged to secure public monies and to qualify for fiduciary powers

U. S. Government Securities \$49,243,250.95

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Other Investments

(CONTINUED FROM PAGE 56)

justified. In support of this statement may be cited the following figures which have as much of a bearing on the investment markets as on any other business in the United States. Peak levels were reached by many indices last year. The gross national product—the market value of goods and services—was about \$253-billion in 1948, according to preliminary estimates, about \$21-billion, or 9 percent over 1947. This reflects both higher prices and a greater volume of output.

National income was about \$224-billion, against \$202-billion in 1947. This comprises both wages and proprietors' income. Personal income approximated \$211-billion, up 8 percent from the preceding year, while disposable income rose about 10 percent, chiefly as a result of lower income taxes beginning July 1.

Civilian employment remained close to 60-million persons and, despite reductions in the last month of the year, it was, generally, about one and a half million persons above 1947. Industrial production rose to an estimated 192 (Federal Reserve index) compared with the previous postwar peak of 187 in 1947.

The increase in production applied primarily to the construction and capital goods industries, while other groups had to adjust themselves to reduced consumer demands, such as textiles, shoes, radios, automobile tires and vacuum cleaners.

The value of construction in 1948 was placed at about \$17.8-billion, or about 25 percent higher than in 1947. The number of housing units started was 10 percent higher, and, upon final tabulation, may have reached the previous 1925 high.

Total new capital requirements of corporations declined from \$28-billion to \$26-billion in 1947, which is, in part, reflected in the lower volume of stock issues in 1948. However, requirements for investment in plant and equipment attained a new high last year.

Fewer New Businesses

The rate of increase in the business population also slowed down in 1948. Less than 100,000 new firms were established last year, which brought the total to about 3,900,000 organizations. In the two preceding years a total of more than 600,000 was added to the business roster of the United States.

Figures for 1948 reflect both fewer new firms going into business as well as an accelerated rate of discontinuations, both voluntary and through bankruptcy.

It is fairly obvious from the foregoing that against this background of industrial and business activity, personal and corporation incomes, no serious overnight recession can be anticipated, especially in view of the clouded foreign situation, rearmament, and world relief, not to mention the state and municipal rehabilitation program.

However, it is perfectly clear that all these record dollar statistics do not mean, necessarily, that the stock market is going up nor that investment demand for all new offerings will be splendid. Great changes have taken place in the economic society. The individual investors, who, cumulatively, have been such a predominant influence on American investment markets during the prewar decades, have become submerged. Their place is being taken by the large institutional investors, whose actions are not too easily predictable, because of unknown portfolio and earning requirements.

Record Investment Need

Record high needs for investment in plant and industry, as took place in 1948, would have expressed themselves in the old days in a substantial volume of long-term loans, underwritten by the investment community. Under our new system this demand has been satisfied, to a large extent, by life insurance company operations whereby these underwriters became the owners of hundreds of industrial plants which were leased back immediately on long terms to the businesses operating them. This procedure produced assets and in-



"Instead of *consommé*, I wonder whether you have any of that gold bullion my husband talks about so often?"

Is the person who insists on walking against the red light dead wrong or dead right?

It's strange how nature always gives the lender a better memory than the borrower.

Conscience is sometimes a matter of anticipating what others will think.

come for the large underwriting companies and relieved the operating industries of properties' worries.

Utilities Rank First

Among private industries which are certain to be large seekers of capital in 1949, the utilities rank first, followed by the rails. The participation of others will depend on the volume of corporate earnings. It was unexpectedly good in 1948—on the average, perhaps 20 percent above 1947—and retained revenue financed a substantial part of equity needs. If this situation continues, other industries may be able to get along without too much new financing.

However, the certainty of somewhat higher taxes, which will be offset in part by a buyer's rather than a seller's market, leaves this question hanging in the air at this time.

Interest Rate Course

Another important element in the investment picture will be the course of interest rates. It is one of the most delicate of economic questions facing the managers of our fiscal policies. New Federal financing requirements, plus the huge floating debt, make it necessary to keep a strict control on long-term obligations of the United States Government.

This probably means that bond prices, generally, can be expected to remain fairly stable, except in fields where extraordinary conditions prevail. For some time to come, this is likely to be the case in real estate financing until in this area, too, supply catches up with demand.

The February outlook for new securities is satisfactory. The calendar of issues in registration contains many new utility issues.

Generally speaking, the outlook is considered promising for continued high level activity in all branches of the investment markets in the early part of 1949.

Effect of Investment Policy on Taxes

HALSEY J. LASHER

MR. LASHER is a member of the New York investment counsel firm of Van Cleef, Jordan and Wood.

A REVIEW of factors surrounding the tax situation as related to banks leads to the conclusion that it is one of banking's major problems. To be sure that it is handled most efficiently requires close cooperation between those responsible for investment policy and those who look after tax matters. The representatives of these two points of view working together should arrive at a conclusion that would place bank-earnings-after-taxes in a satisfactory relationship with gross income and in a defensive position should taxes be increased.

Bank earnings for the current year probably will not be as large as the average for the past three years, but a new tax bill will no doubt be written with high corporation earnings in mind. Banks are corporations and are taxed as such. Very little recognition has been given to the peculiar nature of banking. Bank earnings, except for one or two minor differences, are taxed on the same basis as are the earnings of corporations engaged in manufacturing and other activities enjoying more freedom of action and better able to meet changing conditions.

Operating expenses are increasing for banks as well as for other types of corporations. The Treasury Department is making every effort to reduce deposits and at the same time is controlling interest rates and maintaining rates below the price that credit would bring if allowed to seek its own level. Credit is one of the few controlled commodities. The necessity for this control does not change the effect on bank earnings.

On December 31, 1940, commercial banks, members of the Federal Deposit Insurance Corporation, had an aggregate capital account of \$6,673,000,000, or 10.5 percent of total deposits including interbank deposits. On December 31, 1947, the capital account of these banks had grown to \$9,736,000,000, but deposits had also increased and capital was only 6.9 percent of total deposits. The over 50 percent increase in capital funds was not enough to maintain the capital to deposits ratio.

During this same period holdings of U. S. Government obligations have increased from \$17,064,000,000 to \$67,960,000,000, which denotes a change in the character of assets. On December 31, 1940, 24.6 percent of the total assets were in United States Government obligations, while on December 31, 1947, 44.5 percent were so invested. At the same time loans had increased from \$19,398,000,000 to \$37,592,000,000.

With 44.5 percent of total assets committed to U. S. Governments, a reduction in the ratio of capital to deposits cannot be considered alarming. However, a continuation of the increase in loans could change the character of assets to such an extent that the authorities might deem additional capital necessary. Loans and discounts have increased rapidly since 1945, when they comprised 16.3 percent of total assets and United States Governments were 56.4 percent. These percentages had changed to 24.6 percent and 44.5 percent on December 31, 1947. The need for constantly increasing capital is evident from a study of these figures.

During the period under study, capital and earnings have both increased, but, while dividends paid have also

increased, the ratio of dividends to total capital has shown a decline. During 1940, insured commercial banks paid dividends amounting to \$237-million, or 3.5 percent of total capital. The dividends paid in 1947 amounted to \$315-million or 3.2 percent. It has been necessary to retain the major portion of earnings in the capital account.

A study of the figures exhibited leads to the conclusion that additional taxes on bank earnings will put banks in the position of being taxed to a point where the necessary equity could not be built up through earnings. Under such conditions dividends would not be sufficient to make bank stock an attractive investment.

Whatever the tax situation in respect to bank income may be, banks are in a position to take action that will protect the net income after taxes. Corporations, other than financial institutions, do not have the means to protect themselves as do banks, where part of the income comes from bonds. The bank has the option of buying taxable bonds, partially tax exempt bonds, or fully tax exempt bonds.

Bank income can be managed, so far as taxes are concerned, in respect to the earnings derived from bonds. Income received from loans and discounts must be considered taxable. The trend of over-all bank earnings in insured commercial banks since 1940 has favored control of taxable income.

EARNINGS OF INSURED COMMERCIAL BANKS
(in millions of dollars)

	1947	1945	1942	1940
Total current operating earnings.....	\$3,098	\$2,482	\$1,790	\$1,631
Total current operating expenses.....	1,982	1,523	1,222	1,170
Net current operating earnings.....	1,116	960	569	461
Profits on securities sold.....	100	267	66	178
Net charge-offs on assets.....	132	22	114	215
Income taxes.....	302	299	79	23
Net profits after taxes.....	781	906	441	401
Dividends and interest on capital.....	315	274	228	237
Net profits retained.....	466	631	213	164

ASSET AND LIABILITY ITEMS OF INSURED COMMERCIAL BANKS
(Year-end figures in millions of dollars)

	1947	1945	1942	1940
Deposits.....	\$141,889	\$147,811	\$87,820	\$63,470
Capital account.....	9,736	8,672	7,056	6,673
Total assets.....	152,773	157,582	95,459	70,720
Loans and discounts.....	37,592	25,769	18,907	19,398
Total securities.....	76,712	96,066	47,344	24,163
U. S. Treasury obligations.....	67,960	88,933	40,712	17,064
State and municipal.....	5,131	3,875	3,533	3,608
Other bonds, etc.....	3,319	2,938	2,680	3,012
Corporate stocks.....	302	320	419	479
Cash, etc.....	36,936	34,303	27,593	26,291

Source: Annual Reports of the Federal Deposit Insurance Corp.

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In 1940, 52.4 percent of total income was fully taxable because it came from loans and discount; 32.0 percent came from bonds and was subject to control. In 1947 more of the income—39.6 percent—came from bonds and 46.0 percent from loans and discount. Thus it would appear that more of the bank income can be controlled as to income taxes.

Because individual bank income figures will vary considerably from those quoted, it is necessary to treat each institution individually in determining the need for tax exempt income. But it is obvious that if a bank is currently paying a high income tax, an increase in this tax or an excess profits tax will be burdensome and may place the bank in a comparatively unfavorable position.

Indeed, it would seem prudent to place as much earnings as possible outside the reach of income taxes. By doing this, current earnings, after taxes, can be maintained and, should taxes be increased, a long step in maintaining earnings will have been accomplished. Investments and taxes must be studied together if satisfactory results are to be accomplished.

On August 31, 1948, United States Government partially tax exempt bonds were outstanding in the amount of \$13,024,000,000, of which \$11,486,000,000, or 88.2 percent, were owned by 7,286 commercial banks. United States Government agencies and trust funds and Federal Reserve banks owned \$1,054,000,000, or 8.1 percent. The amount outside the control of the banks and the Government is small and especially so in relation to the need should an excess profits tax law be passed.

The yield on partially tax exempt bonds has been attractive in relation to the yield on fully taxable bonds. The premium on these bonds is the logical explanation for this discrepancy.

On December 31, 1940, insured commercial banks reported holdings of \$3,608,000,000 in obligations of states and political subdivisions. This item amounted to \$5,131,000,000 in the December 31, 1947 report. In 1940 these banks paid only \$23-million in income taxes, but income taxes in 1947 amounted to \$302-million. Charge-offs have had considerable effect on profits and taxes, but it is not expected that they will play as prominent a part in bank earnings in the future as they did in the 1930s and early 1940s.

The Dow-Jones weekly municipal averages fluctuated between 3.02 and

2.09 during 1940. The lower yield was registered on December 31 of that year. These averages register the decline in the yield offered by municipals and reached the low of 1.37 in April 1946. Since that time a high of 2.52 was registered in February 1948. The yield on tax exempt bonds is influenced by (1) the yield on comparable quality fully taxable bonds, (2) the rate of income taxes and the probability of a change in these rates, (3) the supply and prospective supply of new issues of bonds.

Taxable bonds will always supply the market base by which tax exempt bonds are to be measured. The spread between the yield of these classes of bonds denotes the demand or lack of demand for tax-free bonds.

The wide fluctuation in yields has made it possible to build a portfolio of partially tax exempt and fully tax exempt bonds sufficient to provide a cushion against income tax liability. The necessity for minimizing bank taxes is readily brought out by a study of the figures in the tables on page 151. Banks should not wait until a new tax bill has been passed before placing themselves in a position where an increase in taxes would not make necessary a radical change in investment policy.

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RESOURCES

Cash and Due from Banks	\$ 674,458,774.29
United States Government Obligations	1,132,234,194.34
Other Bonds and Securities	68,027,926.90
Loans and Discounts	458,734,635.66
Stock in Federal Reserve Bank	4,500,000.00
Customers' Liability on Acceptances	1,922,284.48
Income Accrued but Not Collected	6,650,180.56
Banking House	9,900,000.00
	<u>\$2,356,427,996.23</u>

LIABILITIES

Deposits	\$2,159,926,637.03
Acceptances	1,954,426.48
Reserve for Taxes, Interest, and Expenses	6,866,059.04
Reserve for Contingencies	18,107,975.36
Income Collected but Not Earned	520,284.04
Capital Stock	60,000,000.00
Surplus	90,000,000.00
Undivided Profits	19,052,614.28
	<u>\$2,356,427,996.23</u>

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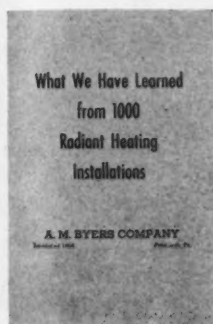
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material indexed in 1947 by the A.B.A. Small Business Credit Commission.



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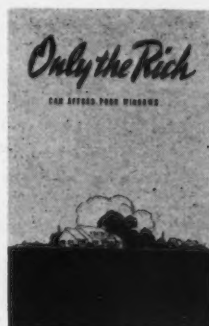
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A. M. Byers Company, 1810 Clark Building, Liberty Street, Pittsburgh, Pennsylvania. Two other publications on this subject also available from the same source are: "The ABC's of Radiant Heating," 8 pages; and "Answers to 50 Questions About Radiant Heating," 8 pages.



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to which concrete construction is adapted. Write: Portland Cement Association, 33 West Grand Avenue, Chicago 10.

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. Good and bad signs are fairly well balanced on either side of the business equation and the big unknown factor is Washington. Under these circumstances the actual, day-to-day state of business as reflected in production figures, income, employment, and other statistical data is not much of a guide as to what lies ahead.

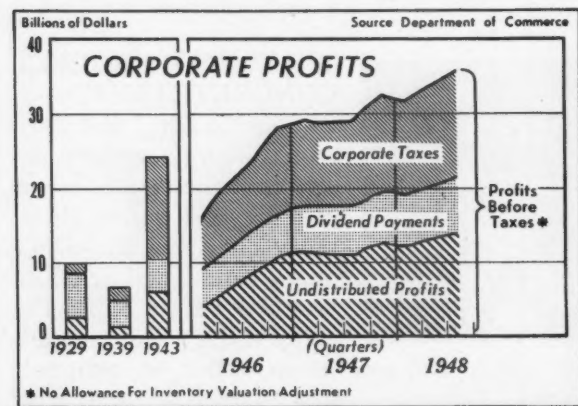
While this problem works itself out we ought to hear one question asked more and more frequently. Are we moving once more in the direction of Big Government along with a considerable number of other countries in both hemispheres?

This is not just a question for classroom discussion. It has to do specifically with the taxes everybody will pay this year, next year, and for years to come. Big Government and big taxes are devoted to each other and inseparable. So this matter which concerns very directly the little store on the corner as well as the biggest of corporations is something of a world problem and should be judged on that basis.

It would help if we could find a new word for what is happening on all continents in varying degrees and under varying labels such as fascism, collectivism, communism, state socialism, and whatever we finally call what we have here, in Canada, Australia, and other countries culturally akin to us.

Between its various forms there are subtle distinctions which interest scholars, but Big Government everywhere, by any name, has one characteristic in common. In every case a certain amount of economic and social security is wrapped up attractively and offered to individuals in return for their political support and a piece of their freedom.

This chart of corporate profits by quarters for the last three years and for the years 1929, 1939 and 1943 was included in President Truman's economic report to Congress, January 7



A Refreshing Pause

There are still no signs of a slowing down or reversal of this worldwide march toward highly centralized governments. During the past few years we seemed to step out of line and watch the parade and, to judge from the record, it did us no harm. No matter what is argued academically about the relatively larger measure of free enterprise obtaining in this country since the end of the war, the result has been a period of expansion and prosperity so great that it surprised us as much as it did the rest of the world.

There is this basic difference between our situation and that prevailing in certain other countries where the only free enterprise that remains is found among their freely enterprising political leaders.

Our Administration and most of the individuals who have to do with running our national government are not socialists or communists. They believe thoroughly in private enterprise and realize that they depend on the production power of private enterprise to pay the bills through taxation.

A cynical person might conclude that if free enterprise is hurt or destroyed in this country there would be the doubtful satisfaction of knowing the job was done by its friends.

Imperialism

One disturbing indication that private enterprise is still advancing rapidly to the rear is the decline of colonial activity and the rise in sentiment raised against what is called imperialism. Nations responsible for all the great development of the 19th and 20th centuries in Asia and Africa, in sanitation, education, civil government and production are steadily withdrawing from those areas. Naturally, in many cases, communists, with their discipline and techniques for handling masses, are stepping in.

It is almost forgotten that most of the important steps in world development have been the result of some form of this private enterprise, called "imperialism," that is so much out of favor today.

All of this may seem remote from the problems of a store on the corner, but it does have to do with a world-wide trend toward Big Government that may affect every business.

Anyone attempting to appraise the future these days by developments in Washington is in the position of one of the six fabled blind men who were asked to describe an elephant. Each one touched the animal at a different point. One happened to put his hand on the ear and decided an elephant was like a huge leaf. Another touched the side and the elephant was like a huge wall, and so on.

But those who happen to touch the Washington program in the region of taxation seem more likely to be right, for several reasons. That is where Big Government starts.

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